

PACIFIC RADIANCE LTD.

18 June 2018



Confidentiality, Disclaimer and Caution

Important Notes

- **This presentation is prepared for the sole purpose of providing the holders of Series 001 notes due August 2018 (the “Notes”) with an update on the developments of the financial restructuring of Pacific Radiance Ltd (“PR” or the “Company”) and its subsidiaries and related entities (collectively the “Group”) and to present the revised proposal for the Notes to the holders of the Notes (the “Noteholders”) for their consideration.**
- This presentation is solely directed at the Noteholders. The terms contained in this presentation are strictly in proposal only and are not fully indicative of the terms of the Notes restructuring, which will be set out in a consent solicitation statement (if any).
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Confidentiality, Disclaimer and Caution

Important Notes (continued)

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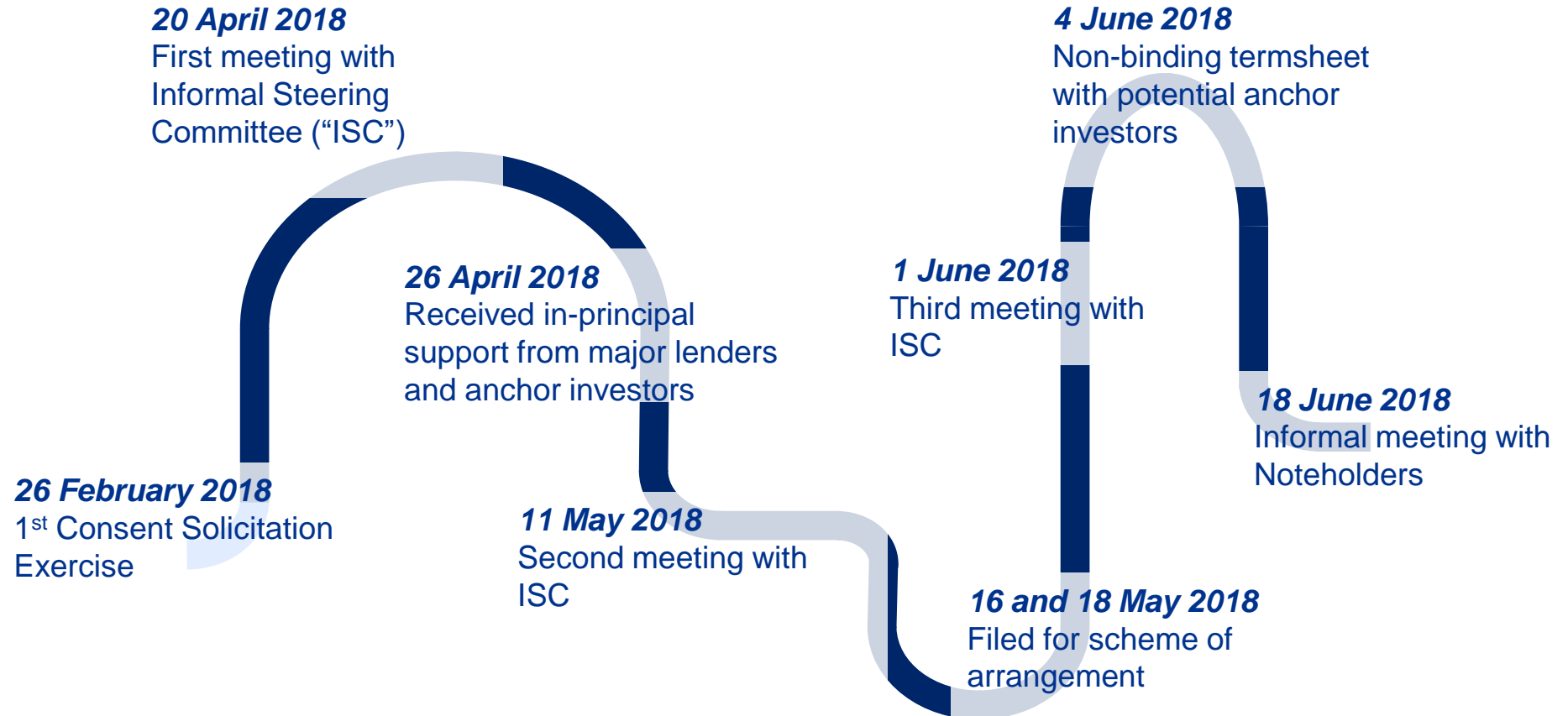
Cost Saving Measures

Since the slowdown in 2015, PR has swiftly implemented numerous cost control measures including the lay-up of vessels and headcount reduction at the crew and corporate level

		Initiatives	2015	2016	2017	Results
	Reduction in operating related expenses	Right-sizing of fleet				<ul style="list-style-type: none"> 19 vessels sold since 2015.
		Right-sizing of crew				<ul style="list-style-type: none"> Crew size has decreased by over 40% from 2014 to 1H 2018.
	Reduction in corporate expenses	Suspension of bonus				<ul style="list-style-type: none"> Bonus suspension from 2016. Wage freeze for employees from 2016.
		Wage freeze and reduction				<ul style="list-style-type: none"> Wage reduction for senior management of up to 52% in 2016. Staff cost decreased by 25% in FY2016 and a further 19% in FY2017.
		Reduction of corporate headcount				<ul style="list-style-type: none"> Corporate headcount has also decreased by over 40% from 2015 to 1H 2018.
		Reduction of expenses ⁽¹⁾				<ul style="list-style-type: none"> General and administrative expenses decreased by 8% in FY2016 and a further 20% in FY2017.

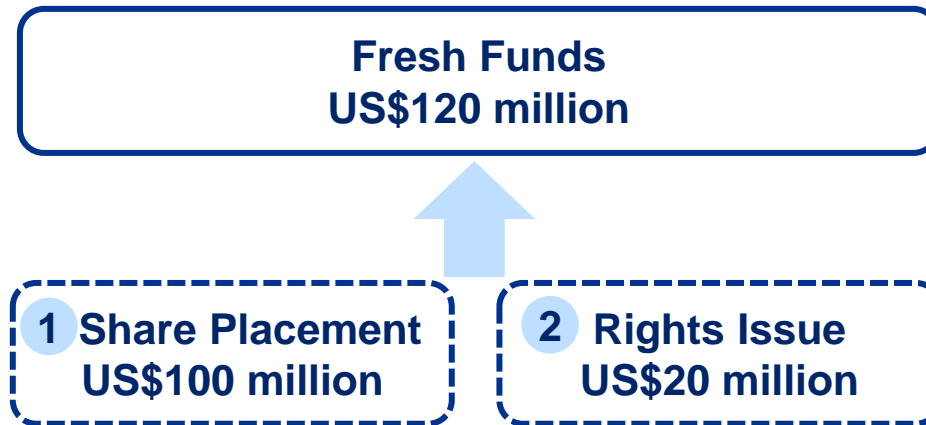
Note: (1) Adjusted for depreciation, interest expenses, legal and consultant fees.

Update on Developments



Update on Developments

New equity to be raised



- 1 US\$100 million upfront cash payment to secured lenders.
- 2 US\$20 million to be retained by PR for working capital.

Update on Developments

Estimated total borrowings and contingent liabilities to be restructured

Pacific Radiance Ltd – Holding Company	US\$ million ⁽¹⁾
S\$100 million Series 001 notes due August 2018 (“Notes”)	72
Corporate Guarantees	492

Notes and Corporate Guarantees are unsecured. Holding company does not own any vessel.

Operating Subsidiaries	US\$ million ^{(1) (2)}
Bank Loans	476

Bank Loans are mainly secured by vessels owned by operating subsidiaries.

Note: (1) Estimates as at end Jun 2017.

(2) Bank Loans to be restructured (excluding bank loans within the group that are undergoing separate bilateral negotiations)

Update on Developments

Estimated Bank Loans to be restructured

Operating Subsidiaries	US\$ million ⁽¹⁾
Bank Loans	476
Less: Property Loan <i>(moratorium, extended payment terms, interest reduction)</i>	(44)
Remaining Bank Loans	432
Less: Bank Loans Retained <i>(moratorium, extended payment term up to 6 years, interest reduction)</i>	(121)
Remaining Loans to be restructured	311
Less: Upfront cash payment	(100)
Less: Debt forgiveness/conversion to equity	(211)

Approximately 50% of bank loans to be forgiven/converted to equity.

Note: (1) Estimates as at end Jun 2017.

Restructuring Proposal for Notes

SGD100 million Notes to be restructured

Option 1



Cash payment of S\$5 million upfront and S\$5 million in Year 4 or earlier if Bank Loans Retained are fully repaid.



**Conversion of all Notes to shares.
Each S\$250,000 in denomination of Notes will be converted to 2,229,500 shares upfront.
Deemed conversion price of S\$0.101⁽¹⁾.**



**Each S\$250,000 in denomination of Notes to be given 125,000 warrants upfront.
Warrants have a 3-year exercise period at exercise price of S\$0.028.**

Note:

(1) Deemed conversion price of S\$0.101 is based on S\$90 million of Notes (excluding cash payment).

Restructuring Proposal for Notes

SGD100 million Notes to be restructured

Option 2



Replacement of S\$100 million of Notes with S\$100 million of Convertible Bonds (CB).
Coupon of CB at 0.25% per annum, step-up at 0.25% per annum after every 3 years.



CB holders has the option to convert to shares from Year 2.
Each S\$250,000 in denomination of CB will be converted to 2,229,500 shares.
Deemed conversion price of S\$0.112.



Issuer shall redeem 30%, 30% and 40% of CB in Year 7, 8 and 9 respectively if share price is greater than S\$0.075.
Mandatory conversion of CB to shares at end of Year 9 if CB not redeemed.



Issuer has the option to redeem up to full amount of CB outstanding before Year 7 if Bank Loans Retained are fully repaid and share price is greater than S\$0.075.



Each S\$250,000 in denomination of Notes to be given 125,000 warrants upfront.
Warrants have a 3-year exercise period at exercise price of S\$0.028.

Optional - Share Placement

Noteholders can participate in Share Placement



**Noteholders can participate in the Share Placement(1)
for a maximum of 25,000,000 shares at S\$0.014 per share.**

Note: (1) Not eligible to participate in Rights Issue.

Shareholding Change

Immediate shareholding structure post-restructuring

Investors

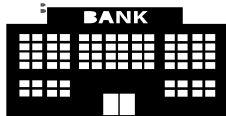


US\$120 million



~ 74% of PR enlarged share capital

Banks



US\$211 million
(debt forgiveness/
conversion to equity)



~ 15% of PR enlarged share capital

Existing Shareholders



Pang Family 68%



~ 3% of PR enlarged share capital

Others 32%

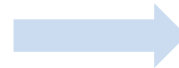


~ 1.5% of PR enlarged share capital

Noteholders



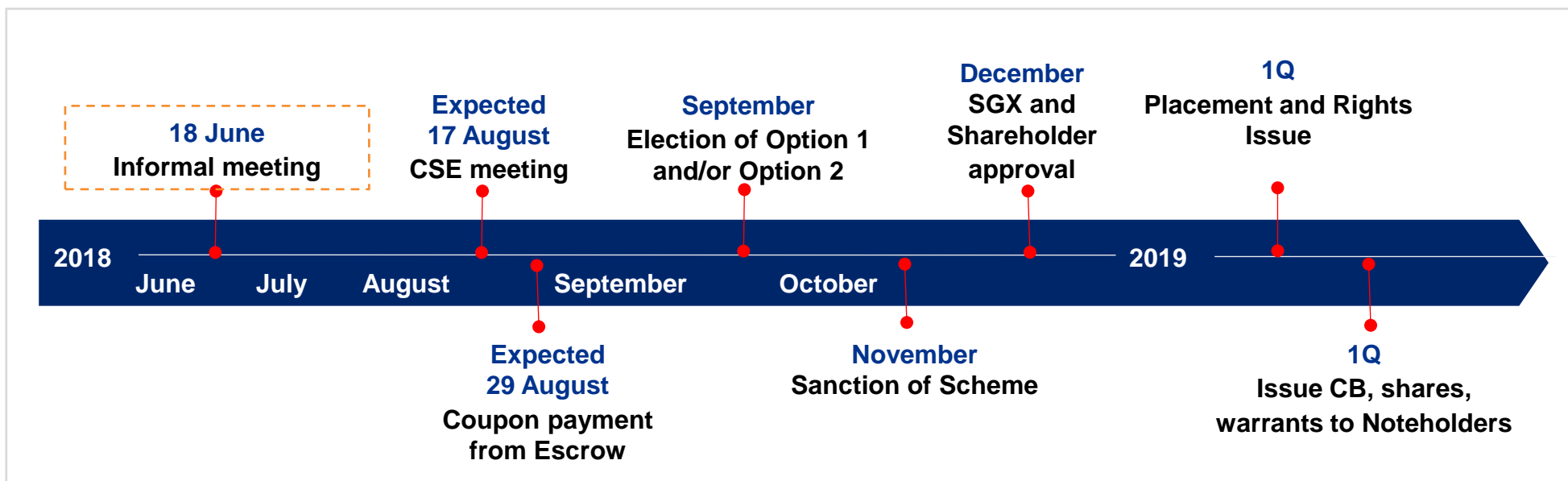
S\$100 million



~ 6% of PR enlarged share capital

Management retention shares of approximately 12% (fully diluted basis) to be vested over 4 years.

Indicative Timeline



Important Note

The Company intends to pursue the restructuring of the Notes by way of a consent solicitation exercise (“CSE”) and not schemes of arrangement under S210(1) of the Companies Act (“Scheme”).

Extraordinary resolution (“ER”) is required to approve the restructuring proposal (comprises Option 1 and Option 2) and waive default.

If ER is passed, Noteholders have to elect Option 1 or Option 2 and to elect to participate in the Share Placement (optional) within the election period.

Noteholders who fail to elect Option 1 or Option 2 after the election period will automatically be deemed to have elected Option 1.

Trustee shall pay out monies in the escrow account (one coupon less fees and expenses) on 29 August 2018 (subject to no scheme moratorium).

APPENDIX

Key Terms - Option 1

	Key Terms
Cash payment	S\$5 million cash upfront and S\$5 million cash in Year 4 or earlier if Bank Loans Retained are fully repaid.
Conversion to shares	Conversion of all of Series 001 notes due Aug 2018 (“Notes”) to shares upfront.
Conversion price	Each S\$250,000 in denomination of Notes will be converted to 2,229,500 shares upfront. Deemed conversion price of S\$0.101.
Free warrants	Each S\$250,000 in denomination of Notes to be given 125,000 warrants upfront. Warrants have a 3-year exercise period at exercise price of S\$0.028.
Shares lock-up period	No lock-up period imposed.
Voting requirement	Quorum of two or more Noteholders holding 75% of principal amount of Notes, at least 75% in value of the votes cast in favour of resolution.
Other requirements	If resolution is passed: <ul style="list-style-type: none">- Restructuring under S210(1) of Companies Act sanctioned by Court.- SGX and shareholders’ approval and CDP clearance.- Completion of new equity raise via placement and rights issue.

Key Terms - Option 2

	Key Terms
Replacement amount	Replacement of S\$100 million Series 001 notes due Aug 2018 (“Notes”) with S\$100 million of convertible bonds (“CB”) to be issued by Pacific Radiance Ltd (“Issuer”).
Coupon	Coupon of CB at 0.25% per annum, step-up at 0.25% per annum after every 3 years.
Conversion option of CB holders	CB holders has the option to convert CB to shares from Year 2. Each S\$250,000 in denomination of CB will be converted to 2,229,500 shares. Deemed conversion price of S\$0.112.
Scheduled redemption of CB	Issuer shall redeem 30%, 30% and 40% of CB in Year 7, 8 and 9 respectively if share price is greater than S\$0.075 (based on 30-day VWAP).
Redemption option of Issuer	Issuer has the option to redeem up to full amount of CB outstanding before Year 7 if Bank Loans Retained are fully repaid and share price is greater than S\$0.075 (based on 30-day VWAP).
Mandatory conversion of CB	Mandatory conversion of CB to shares at end of Year 9 for outstanding amount of CB not redeemed by Issuer. Each S\$250,000 in denomination of CB will be converted to 2,229,500 shares. Deemed conversion price of S\$0.112.
Free warrants	Each S\$250,000 in denomination of Notes to be given 125,000 warrants upfront. Warrants to have a 3-year exercise period at exercise price of S\$0.028.
Shares lock-up period	No lock-up period imposed.
Voting requirement	Quorum of two or more Noteholders holding 75% of principal amount of Notes, at least 75% in value of the votes cast in favour of resolution.
Other requirements	If resolution is passed: <ul style="list-style-type: none"> - Restructuring under S210(1) of Companies Act sanctioned by Court. - SGX and shareholders’ approval and CDP clearance. - Completion of new equity raise via placement and rights issue.

Company Contact

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Questions and Answers