

RESPONSES TO SUBSTANTIVE AND RELEVANT SHAREHOLDERS QUESTIONS RAISED FOR THE COMPANY'S ANNUAL GENERAL MEETING

The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to thank shareholders for submitting questions ahead of the Company’s Annual General Meeting to be held on 25 June 2020 at 10.00 a.m. by electronic means. The Company wishes to provide its responses below.

Question 1	Response
<p>Can the Directors help shareholders understand if the suspension of trading of the Company’s securities can only be lifted after the restructuring by way of scheme of arrangement has been completed?</p>	<p>The Company intends to apply to SGX for lifting of suspension and resumption of trading of shares when its restructuring reaches a conclusive stage with respective stakeholders, including new investors/financiers, banks and noteholders. At this juncture, it is envisaged that application to SGX will be made when the terms of restructuring have been approved by the relevant stakeholders via scheme of arrangement and the scheme of arrangement has been sanctioned by the High Court of Singapore. The application for lifting of suspension and resumption of trading of shares is subject to the approval of the SGX.</p>

Question 2	Response
<p>What is the Board’s strategy to complete the restructuring given that there are even stronger headwinds in 2020 compared to 2019?</p> <p>Has the Board, especially the Independent Directors, considered making an application to appoint judicial managers?</p>	<p>Securing new investors/financiers to restore the capital structure of the Group is critical to the success of the restructuring. As per the Company’s announcement on 24 April 2020, various restructuring options were being considered and discussed with the potential investors/financiers and major creditors. Restructuring proposals have been reviewed by major creditors. Finer terms of the proposals are currently being discussed between the potential investors/financiers and major creditors. The Board believes that both sides will work towards reaching an agreement on mutually acceptable terms</p> <p>The restructuring when completed will restore the capital structure of the Group and put the Group on a stronger financial footing. During this restructuring period, the Group has also taken the opportunity to review and improve on its operational efficiency. The Group is grateful for the continuing support of its network of business partners, customers and suppliers and the dedication and commitment of its employees who have remained resilient in overcoming the difficulties over the past few years. These factors would continue to put the Group in a good stead to navigate the challenges ahead.</p> <p>The Board believes that the deep industry knowledge and experience of key management personnel and the long-standing relationships that it has established across</p>

	<p>its network of business partners, customers and suppliers are critical to steering the Company through this challenging time. The management team has spared no effort in seeking potential investors/financiers to recapitalise the Company and various proposals have been presented to major creditors during the restructuring process. The primary challenge confronting the Company in its protracted restructuring process has been the balancing act of meeting the competing interest of multiple stakeholder groups amidst heightened market volatility during the past few years. Notwithstanding, it is doing its utmost to ensure a balanced outcome for all stakeholders.</p> <p>The Board is of the view that the appointment of judicial manager will hamper business activities and operations that the management team has sustained during this period of restructuring. In particular, business partners, customers and suppliers alike will be reluctant to deal with counterparties placed under judicial management, staff morale will suffer, and departure of key management personnel and staff can be expected. In the process, restructuring fees will escalate further. These will likely erode potential investors'/financiers' view on the value of the Company, making it even more challenging to bridge the gap between the potential investor/financier and major creditors on the restructuring terms. The eventual outcome may be piecemeal asset disposal and disintegration of the platform. Given these considerations, the Board believes that the appointment of judicial manager is not the preferred route to preserve the value of the Company for all stakeholders at present.</p>
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Question 3	Response
Can the Company disclose the identities of the other potential financiers?	Disclosure will be made as and when the Company has been given consent by the potential investors/financiers to do so. At present, potential financier has only given consent for disclosure to secured creditors to facilitate the discussion of restructuring terms for the secured debts, which form a significant portion of the Group's total liabilities.

Question 4	Response
Can the Company clarify if the Executive Directors receive Directors' fees even though they are receiving salaries as executives?	Directors' fees form part of the total remuneration package of each Executive Director. In setting the remuneration of each Executive Director, the Board and Remuneration Committee (the "RC") considers factors such as responsibilities, qualifications and experience of each Executive Director and market benchmarks of similar roles in companies of similar size and within the same industry. The total remuneration package of each Executive Director is within the range of the market benchmarks.

Question 5	Response
<p>Has the Board reviewed if the proposed Directors' fees (both the quantum and the cash-based nature) are appropriate given the circumstances?</p>	<p>As disclosed in the Annual Report and announcement dated 9 June 2020, the Board and RC considers the following in setting the Directors' fees:</p> <ul style="list-style-type: none"> (i) align with strategic and value creation objectives of the Group; (ii) appropriate to attract, retain and motivate Directors to provide good stewardship to the Group; (iii) does not compromise the independence of the Independent Directors; and (iv) effort, time spent and responsibilities of the Directors. <p>The Board and RC have also considered the Directors' role in steering the Group and providing guidance to the management team during the restructuring process. Further, the Directors' fees are within the range of market benchmarks of companies within the same industry.</p> <p>Having accorded due regard to the aforesaid, the Board is of the view that the proposed Directors' fees are appropriate.</p>

Question 6	Response
<p>Have the Directors considered taking a voluntary haircut or waiver of the Directors' fee?</p>	<p>Pacific Radiance, as well as the broader offshore and marine industry, has been grappling to lift itself from the trough since the beginning of the industry downturn in late 2014. Since then, the Company has reduced the size of the Board from 10 to 6, with the remaining Directors taking on additional responsibilities of board committees. The remuneration of the Executive Directors and key management personnel has also been reduced. Executive Directors and key management personnel have also opted to assign their entitlement to performance shares to the other eligible employees as part of the Group's efforts to recognise employees' contribution during this challenging time.</p> <p>The Board and management team have dedicated more time and effort over the past few years to ensure that the Group's business and operations continue to function with minimal disruption from the restructuring. The difficult operating conditions are now exacerbated by the COVID-19 pandemic and global economic downturn, and more headwinds can be expected in the near term. The Board and management team continue to assess the impact to the business as the situation evolves. Further plans and measures are currently under review and will be rolled out, if necessary, to ensure that the Company will remain well supported by the strong stewardship of the Board and management team and its dedicated workforce in order to stay the course and ride through this adversity.</p>

Question 7	Response
<p>If there were to be any payments to the Directors, would the Directors consider receiving the fees in shares to alleviate the Group's cash flow problems and to show their commitment to the Group at the same time?</p>	<p>It is difficult to ascribe a value to the Company's shares given that trading of the shares has been suspended since 28 February 2018 and the Group's restructuring is still ongoing. The Company would consider such proposal when a reasonable basis to ascribe a value to the shares of the Company can be determined.</p>

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 discussions or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. 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

24 June 2020