

**RESPONSE TO SGX-ST QUERIES ON THE FIRST QUARTER FINANCIAL STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020**

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The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) sets out its response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 6 July 2020 in relation to the first quarter (“**1Q 2020**”) financial statement for the three months ended 31 March 2020:

**Query by SGX-ST:**

1. Please provide details of and quantify the underlying items and the factors which resulted in the significant increase in foreign currency translation from (US\$476,000) in 1Q 2019 to US\$2,666,000 in 1Q 2020.

Company’s Response:

Foreign currency translation arose mainly as a result of translation of a subsidiary’s financial results from functional currency in Singapore dollars (SGD) to the Group’s presentation currency in United States dollars (USD). The increase was due to the depreciation of SGD against USD in 1Q2020.

**Query by SGX-ST:**

2. Please provide the breakdown and an explanation to the net increase of US\$375,000 in impairment/ (write-back of impairment) of doubtful receivables in Q1 2020.

Company’s Response:

The breakdown and description of the net increase in impairment/ (write-back of impairment) of doubtful receivables in 1Q 2020 is set out below:

**Impairment of doubtful receivables:**

Provision for expected credit loss in relation to amount owing by a customer	US\$342,000
Provision for expected credit loss in accordance with SFRS(I) 9	US\$33,000
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	US\$375,000

**Query by SGX-ST:**

3. With reference to the net impairment/ (write-back of impairment) of amounts due from related companies in Q1 2020, please disclose:
  - a. the identity of the related companies and their relationships;
  - b. the underlying transactions which gave rise to the amounts owing of US\$4,940,000;
  - c. the period when these debts were owing to the Company and the reasons for the non-collection of the debts; and
  - d. whether the related party is still in operation and the reasons why it has not repaid the loans due to the Company.

**Company's Response:**

The impairment of amounts due from related companies pertained to the amounts due from Duta Maritime Ventures Sdn Bhd ("**DMV**"), a joint venture company of the Group. The amounts have been incurred through the years since 2016 and arose from vessel and charter related expenses owing to the Group. The joint venture company is in operation but has not been profitable since 2017 as a result of the downturn in the offshore and marine industry. The challenging operating conditions are now exacerbated by COVID-19 pandemic and global economic slowdown. The Management has assessed the recoverability of the amounts due from DMV and has decided to impair part of the amounts due from DMV based on circumstances as at 31 March 2020.

**Query by SGX-ST:**

4. Please provide details and explanation for the significant impairment of investment in joint venture amounting to US\$964,000.

Company's Response:

The joint venture is Duta Pacific Offshore Sdn Bhd ("**DPO**"). DPO owns a single vessel that is nearing the end of its useful life. The Management has considered the options of selling or scraping the vessel and given the weak market conditions, impairment was made in expectation of lower amount recoverable from the investment in DPO.

**Query by SGX-ST:**

5. With reference to the net loans to related companies amounting to US\$2,075,000, please disclose:
  - a. the identity of these related companies and how they are related; and
  - b. the total amount of loans extended and the breakdown of the use of proceeds.

Company's Response:

The details of loans to related companies in 1Q 2020 is set out below:

<b>Related company</b>	<b>Loan amount</b>	<b>Use of proceeds</b>
<b>Al Hail Marine Services LLC</b>  Joint venture company based in Middle East.	US\$2,000,000	General corporate and working capital purposes.
<b>Pacific Allianz Holdings Pte Ltd</b>  Joint venture company that holds the Group's business activities and operations in Middle East.	US\$75,000	General corporate and working capital purposes.

**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

8 July 2020