

RESPONSE TO SGX-ST QUERIES ON THE SECOND QUARTER FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 24 September 2020 in relation to the second quarter (“**2Q 2020**”) financial statements for the six months ended 30 June 2020 (“**6M 2020**”):

Query by SGX-ST:

1. With reference to the impairment of amounts due from related companies amounting to US\$7,021,000, please disclose:
 - a. the reason for the significant increase from US\$522,000 in 6M 2019;
 - b. the identities of the related companies; and
 - c. the reasons for the loan and the impairment.

Company’s Response:

The impairment of amounts due from related companies pertained to mainly amounts due from Duta Maritime Ventures Sdn Bhd (“**DMV**”) and Navigatis Radiance Pte Ltd (“**NRPL**”), both joint venture companies of the Group. For amounts due from DMV, these are vessel and charter related expenses owing to the Group. For amounts due from NRPL, these are loans extended to the joint venture for vessel acquisition by one of its subsidiaries.

As a result of the downturn in the offshore and marine industry, DMV and NRPL have not been able to repay the amounts owing. The challenging operating conditions have been exacerbated by the COVID-19 pandemic and global economic slowdown. The management has assessed the recoverability of the amounts due from DMV and NRPL and has decided to impair part of the amounts due from DMV and NRPL based on circumstances as at 30 June 2020.

Query by SGX-ST:

2. With reference to the amounts due from related companies amounting to US\$47,504,000, please disclose:
 - a. the breakdown of the significant amounts due from related companies;
 - b. how they are related to the Group;
 - c. when these amounts are due for repayment; and
 - d. whether the Company will face any issues with collections.

Company’s Response:

The related companies are joint venture companies of the Group. The breakdown and description of amounts due from related companies as at 30 June 2020 is set out below:

Related company	Amounts due (USD)	Description
PT.Jawa Tirtamarin	29,793,000	Mainly amounts owing for purchase of vessel.
Navigatis Radiance Pte Ltd	4,996,000	Mainly shareholder loan given for the acquisition of vessels.
Duta Maritime Alliances	5,457,000	Mainly amounts owing for purchase of

Sdn Bhd		vessel.
Duta Maritime Ventures Sdn Bhd	1,937,000	Mainly trade related amounts owing arising from operating activities.
Allianz Radiance Pte Ltd	91,000	Mainly trade related amounts owing arising from operating activities.
Pacific Allianz Holdings Pte Ltd	872,000	Mainly shareholder loan given to fund the operating expenses of its subsidiary.
AR Offshore Pte Ltd	1,875,000	Mainly trade related amounts owing arising from operating activities.
Al Hail Marine Services L.L.C.	2,482,000	Mainly trade related amounts owing arising from operating activities.

These amounts are due or repayable on demand. The management has performed the assessment for recoverability of the amounts due from related companies and has made the necessary provision as at 30 June 2020. The management will continue to monitor and assess the recoverability of the amounts outstanding regularly.

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

25 September 2020