

RESPONSE TO SGX-ST QUERIES RECEIVED ON 10 FEBRUARY 2021

The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the SGXNet announcements dated 6 November 2020, 9 February 2021; and 10 February 2021 (collectively the “**November and February Announcements**”).

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the November and February Announcements.

The Company has on 10 February 2021 received the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and sets out its response below.

| Query by SGX-ST | Company’s Response |
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| <p>1(a) On 6 November 2020, the Company announced that “...the major secured creditors of the Group have entered into a letter of agreement (“Letter Agreement”) with an owner of offshore support vessels (the “Third Financier”) for the proposed acquisition of loan receivables and all related rights, claims and securities in relation to all loans and arrangements provided by these creditors for the financing of the Group (the “Loans”).”</p> <p>In relation to this statement, please disclose the following:</p> <p>Who are these major secured creditors, and are these the same creditors referred to in the Company’s “Update on Restructuring and Proposed Acquisition by PRL of AMLS” announcement on 22 August 2019?</p> | <p>These major secured creditors are the same as those referred to in the Company’s announcement “Update on Restructuring and Proposed Acquisition by PRL of AMLS” dated 22 August 2019.</p> <p>Negotiations between the parties are ongoing and further information will be made available and disclosed via SGXNet when negotiations have become more conclusive.</p> |
| <p>1(b) Quantify the book value of these loan receivables and all related “rights, claims and securities”.</p> | <p>The book value of the loan receivables as at 30 September 2020 (being the Company’s latest announced unaudited third quarter financial statement for the nine months ended 30 September 2020) is US\$468,729,000.</p> |
| <p>1(c) Disclose details of these “rights, claims and securities”.</p> | <p>These are mortgages over vessels, assignment of rights over charter parties including their earnings, assignment of insurance rights and proceeds, guarantees from the Company and other group companies, charge over bank accounts of the group companies, and where the borrower is not the vessel owner, covenants to pay from those group or related companies who own the vessels.</p> |

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| 1(d) | Disclose the sale consideration for these loan receivables and " <i>rights, claims and securities</i> ". | Negotiations on the sale of the loan receivables and " <i>rights, claims and securities</i> " are still on-going and the proposed sale is part of the restructuring of the financial indebtedness of the Group which involves the sale of the mortgaged vessels to the Third Financier for a cash payment and discharge of the secured indebtedness. Further information on the aforesaid proposed sale will be made available and disclosed via SGXNet when negotiations have become more conclusive. |
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| | Query by SGX-ST | Company's Response |
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| 2 | <p>On 6 November 2020, the Company announced that "<i>The Company is concurrently working towards having a separate letter of agreement executed with the Third Financier to, following the acquisition of the Loans, restructure the Loans through the purchase of vessels from the Group so as to release and discharge the Group of its liabilities in relation to the Loans and to collaborate with the Group and appoint the Group as ship managers of the vessels with ship management contracts.</i>"</p> <p>Disclose the identity of this Third Financier, and provide an update on this letter of agreement. State the material details of this agreement, if able.</p> | Negotiations are still ongoing and more information will be provided when agreement has reached a conclusive stage. The Third Financier is still carrying out the due diligence and internal approval processes. Further disclosures will be made when these processes are closer to conclusion. |

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| 3 | <p>On 6 November 2020, the Company announced that "<i>Due diligence on the Group by the Third Financier has commenced whilst the definitive agreements are being negotiated with relevant parties. The Group is working closely with the relevant parties to ensure these processes can be completed in an expedient manner.</i>"</p> <p>Provide an update on this due diligence process. State the Long Stop Date under the Letter Agreement.</p> | <p>The Third Financier is still carrying out the due diligence and internal approval processes. Further disclosures will be made when these processes are closer to conclusion.</p> <p>Pursuant to the Letter Agreement, the Third Financier has exclusivity till 30 April 2021.</p> |

| Query by SGX-ST | Company's Response |
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| <p>4(a) On 9 February 2021, the Company announced that <i>"Reference is made to the proposed acquisition of the entire issued and paid-up capital of Allianz Marine and Logistics Services Holding Ltd from the Vendors (the "Proposed Acquisition"), as set out in the announcements dated 13 May 2019, 22 August 2019 and 26 August 2019. The Company wishes to update that notices of termination have been issued by the Company to the Vendors to terminate the agreements entered into by the Company in relation to the Proposed Acquisition."</i></p> <p>In relation to the statement above, please disclose the following:</p> <p>On 6 November 2020, the Company announced that <i>"...the major secured creditors of the Group have entered into a letter of agreement ("Letter Agreement") with an owner of offshore support vessels (the "Third Financier") for the proposed acquisition of loan receivables and all related rights, claims and securities in relation to all loans and arrangements provided by these creditors for the financing of the Group (the "Loans")."</i></p> <p>How is this disclosure related to the Proposed Acquisition of Allianz Marine and Logistic Services Holding Ltd?</p> <p>Has the Letter Agreement been terminated?</p> | <p>The Letter Agreement which was entered into by the Third Financier replaces the Proposed Acquisition of Allianz Marine and Logistics Services Holding Ltd.</p> <p>As announced on 9 February 2021, the Proposed Acquisition of Allianz Marine and Logistics Services Holding Ltd has been terminated.</p> <p>The Letter Agreement which was entered into by the Third Financier is still valid.</p> |
| <p>4(b) Based on the Company's announcement on 22 August 2019, the Proposed Acquisition will be accompanied by new debt to be injected of at least US\$180 million and <i>"sale of the Sale Shares and issuance of new Shares and warrants"</i>, per paragraph 4.3(c) of the 22 August 2019 announcement.</p> <p>Please clarify if the <i>"sale of the Sale Shares and issuance of new Shares and warrants"</i> have also been terminated.</p> <p>Quantify the amounts that were envisaged to be raised from such sale and issuance.</p> | <p>The <i>"Sale Shares"</i> as defined in the 22 August 2019 announcement referred to the shares in Allianz Marine and Logistics Services Holding Ltd which the Company had proposed to acquire as set out in the Company's announcement on 22 August 2019. The sale of Sale Shares has been terminated as the Proposed Acquisition of Allianz Marine and Logistics Services Holding Ltd has been terminated.</p> <p>As set out at paragraph 4.3 in the Company's announcement on 22 August 2019:</p> <ul style="list-style-type: none"> (a) the new Shares and/or warrants to be issued to the Financier was part of the consideration of the new debt of at least USD180 million to be extended by the Financier to the Company; (b) the new Shares to be issued to the Vendors was in consideration for the Equity Subscription; and (c) the new Shares and warrants to be issued to the Noteholders was to give effect to the restructuring proposal for |

| Query by SGX-ST | Company's Response | | | | | | | | | | |
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| | <p>the Notes as set out in the Notice of Meeting to Noteholders dated 2 August 2018 (which is subject to amendments in accordance with the provisions of the Notice of Meeting to Noteholders dated 10 February 2021).</p> | | | | | | | | | | |
| <p>4(c) List which debts of the Group were to be restructured with the Proposed Acquisition.</p> <p>Quantify the amount of debts that will be affected by this termination.</p> | <p>The debts of the Group (and the amounts thereof) which were to be restructured with the Proposed Acquisition (and accordingly affected by the termination) were:</p> <p><u>As at 30 June 2019 (being the Company's announced unaudited first half financial statement for the six months ended 30 June 2019)</u></p> <table border="1" data-bbox="874 745 1382 965"> <tbody> <tr> <td>Bank loans</td> <td>US\$417,673,000</td> </tr> <tr> <td>Lease liabilities</td> <td>US\$654,000</td> </tr> <tr> <td>Other liabilities</td> <td>US\$7,532,000</td> </tr> <tr> <td>Accrued interest on bank loans</td> <td>US\$36,950,000</td> </tr> <tr> <td>Total</td> <td>US\$462,809,000</td> </tr> </tbody> </table> | Bank loans | US\$417,673,000 | Lease liabilities | US\$654,000 | Other liabilities | US\$7,532,000 | Accrued interest on bank loans | US\$36,950,000 | Total | US\$462,809,000 |
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| Total | US\$462,809,000 | | | | | | | | | | |
| <p>4(d) Elaborate on the reasons for the Company issuing the notice of termination for the Proposed Acquisition of Allianz Marine and Logistic Services Holding Ltd.</p> | <p>On 20 January 2020, the Company announced that discussions with the Financier on the debt financing had stalled due to certain difficulties that had arisen in the course of the discussions in or around December 2019. In the circumstances, the Company had approached other potential funders from whom the Company had previously received indicative proposals in the course of 2019. One of these potential funders (the "Second Financier") had shown keen interest in extending debt financing to the Company. The Second Financier is a global asset management firm which has over US\$100 billion of assets under management.</p> <p>Unfortunately, the unexpected outbreak of the COVID-19 pandemic has hurt investor sentiments severely and heightened market volatility significantly. This was compounded by the oil price war between Russia and Saudi Arabia. Consequently, these factors impacted the financing considerations of the Second Financier and the Company had to continue to engage the major creditors and potential funders on alternative restructuring options.</p> <p>The alternative restructuring options included the possibility of the Company</p> | | | | | | | | | | |

| Query by SGX-ST | Company's Response |
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| | <p>proceeding with the combination of business with Allianz Marine and Logistic Services holding Ltd and having the restructured debt repaid by way of some upfront cash payment and the balance payment over time. However, major secured creditors and Allianz Marine and Logistic Services holding Ltd could not reach an agreement on the terms of restructuring after several rounds of negotiations.</p> <p>Given the above, the Proposed Acquisition of Allianz Marine and Logistic Services holding Ltd was terminated.</p> |
| 4(e) | <p>Noting that the Proposed Acquisition is tied to the Debt Restructuring, and the Company's announcement on 10 February 2021 relating to the consent solicitation exercise to seek the approval of the holders of the Notes by way of extraordinary resolution, please reconcile and elaborate on the reason for the Notice of Meeting in view of the termination of the Proposed Acquisition.</p> <p>The Proposed Acquisition has been terminated. The new debt restructuring plan is proceeding without the Proposed Acquisition.</p> <p>The new debt restructuring plan is entirely different in that the Third Financier is buying out the secured debt of the Company. Following the debt purchase by the Third Financier, the Group will sell the mortgaged vessels that are part of the security arrangement for the debt to the Third Financier so as to fully discharge its liabilities and obligations in relation to the said debt. The Third Financier has intermitted that it would award the ship management contracts of these vessels to the Group, on the condition that there is certainty of management continuity and control after the Group completes its debt restructuring.</p> <p>As part of the new debt restructuring plan, the Company will redeem the Notes by issuing new shares in the Company and perpetual securities to the Noteholders. The Company has proposed the Notice of Meeting to Noteholders to extend to Noteholders the ability to restructure the Notes into shares of the Company and perpetual securities.</p> <p>The alternative is that Noteholders will be left to claim against the Company as unsecured creditors. Noteholders have been informed in the Consent Solicitation Statement accompanying the Notice of Meeting that the debt levels of the Group, without a restructuring, cannot sustain repayment to Noteholders.</p> |

| Query by SGX-ST | | Company's Response | | | | | | | | | | | |
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| 5 | List and quantify the total debts of the Group and the status of each. | <p><u>As at 30 Sep 2020 (being the Company's latest announced unaudited third quarter financial statement for the nine months ended 30 September 2020)</u></p> <table border="1"> <tbody> <tr> <td>Bank loans</td> <td>US\$395,744,000</td> </tr> <tr> <td>Lease liabilities</td> <td>US\$621,000</td> </tr> <tr> <td>Other liabilities</td> <td>US\$7,048,000</td> </tr> <tr> <td>Accrued interest on bank loans</td> <td>US\$65,316,000</td> </tr> <tr> <td>Total</td> <td>US\$468,729,000</td> </tr> </tbody> </table> | | Bank loans | US\$395,744,000 | Lease liabilities | US\$621,000 | Other liabilities | US\$7,048,000 | Accrued interest on bank loans | US\$65,316,000 | Total | US\$468,729,000 |
| Bank loans | US\$395,744,000 | | | | | | | | | | | | |
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| Accrued interest on bank loans | US\$65,316,000 | | | | | | | | | | | | |
| Total | US\$468,729,000 | | | | | | | | | | | | |

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

11 February 2021