

RESPONSE TO SGX-ST QUERIES RECEIVED ON 8 MARCH 2021

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 8 March 2020 in relation to the full year financial statement for the Financial Year ended 31 December 2020 (“**FY2020**”):

	Query by SGX-ST	Company’s Response
1	<p>With reference to page 14 of FY2020 financial statement – Other operating expenses:</p> <p><i>“The decrease was mainly attributable to lower loss on disposal of property, plant and equipment and assets held for sale of US\$15.4 million, lower impairment of property, plant and equipment of US\$15.8 million and lower impairment of investment in joint ventures of US\$2.4 million in FY 2020. This was partially offset by an increase in impairment of doubtful receivables of US\$8.4 million.”</i></p> <p>Please explain the reason for the significant impairment of doubtful receivables of US\$8.4 million, compared to the FY2020 revenue of US\$63,520,000.</p>	<p>The impairment of doubtful receivables of US\$8.4 million relates to impairment of doubtful third-party receivables of US\$2.7 million and impairment of amounts due from related companies of US\$5.7 million.</p> <p>The third-party receivables pertain mainly to charter earnings. The amounts due from related companies pertain mainly to amount due from joint ventures companies for vessel and charter related expenses owing to the Group.</p> <p>The downturn in the offshore and marine industry has been exacerbated by the adverse impact of the COVID-19 pandemic on oil demand and global economies, Management has assessed the recoverability of these third-party receivables and amounts due from related companies and has decided to make the impairment charge as at 31 December 2020.</p>
2	<p>With reference to page 16 of FY2020 financial statement – Non-current assets:</p> <p><i>“The decrease in non-current assets from US\$298.4 million as at 31 December 2019 was mainly due to the decrease in property, plant and equipment by US\$34.2 million mainly due to impairment of US\$23.2 million.”</i></p> <p>Please explain the reasons for the impairment of PPE, and what are the main items that were impaired amounting to US\$23.2 million.</p>	<p>The impairment of US\$23.2 million relates to impairment of vessels, it is determined based on valuation assessed by independent professional valuer.</p> <p>The downturn in the offshore and marine industry has been exacerbated by the adverse impact of the COVID-19 pandemic on oil demand and global economies. Vessel fair value has declined further, reflecting the weak market conditions of the offshore and marine industry.</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

9 March 2021