



**STAYING  
RESILIENT  
AND  
RESOLUTE**

ANNUAL REPORT 2020



# **CORPORATE PROFILE**

Pacific Radiance Ltd. (“PRL” or the “Company”) is an owner and operator of offshore vessels as well as a provider of offshore support services. The Company and its subsidiaries (collectively, the “Group”) strive to be relevant to clients’ needs, to be reliable in service delivery and execution, and to be responsive to industry trends.

Over the years, the Group has established a strong foothold across Asia as well as across emerging oil and gas markets in Africa and Latin America. Helmed by a highly experienced management team and well supported by a network of reliable partners, the Group enjoys access to many markets protected by cabotage restrictions.

Established in 2006, Pacific Radiance is listed on the mainboard of the Singapore Exchange (“SGX”) since 2013 and is a well-recognised brand in the sector today. Strategically located in the major offshore hub of Singapore, the Group operates a 33,000 square metres state-of-the-art shipyard with over 180 metres of water frontage, featuring two 6,000 DWT dry docks as well as facilities for equipment fabrication, testing and maintenance.

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## ***STAYING RESILIENT***

Market downturns take their toll, but our adaptability and constant pursuit of operational excellence, in both good and tough times have strengthened our ability to quickly recover from setbacks and rise above the adversities.

# CHAIRMAN'S STATEMENT



*"These are uniquely testing times for us all. The pace at which COVID-19 has spread across the world and the severity of the disruption to the global economy have been unprecedented, showing no signs of slowing down. In the face of these challenges, staying resilient and keeping a strong resolve is imperative for us to weather the impact of this crisis."*

## DEAR FELLOW SHAREHOLDERS,

The emergence of the novel coronavirus ("COVID-19"), towards the end of 2019 and the resulting global pandemic has created a significant amount of uncertainty globally. In 2020, the health and economic crises of immense proportions have forced many companies across sectors into extraordinary measures to protect their people and maintain operations. The shock to the global supply chain was immediate and the offshore services industry was not spared from its far-reaching impact. Demand for conventional offshore support vessels ("OSVs") in the energy sector was thrown into disarray as global OSV utilisation fell to approximately 50%, a trough level we last saw in the first quarter of 2017.

### STAYING RESILIENT AND RESOLUTE

These are uniquely testing times for us all. The pace at which COVID-19 has spread across the world and the severity of the disruption to the global economy have been unprecedented, showing no signs of slowing down. In the face of these challenges, staying resilient and keeping a strong resolve is imperative for us to weather the impact of this crisis.

In the first half of 2020, we swiftly implemented a comprehensive response plan that entailed a thorough review of the Group's vessel chartering activities and operations which was overlaid by numerous cost-cutting measures to sustain our ongoing operations. Employee safety measures were escalated, with remote work established as the default operating mode for

office-based staff. The Group also put in place precautionary measures to ensure that the workplace remain safe for its employees and business contingency plans have been rolled out to reduce the impact of disruption to operations. These measures and plans are updated continually to adhere to advisories and recommendations of the regulators.

Towards the latter part of 2020, despite our efforts to actively engage our clients on the commercial front and to stay updated on their operational plans, the Group had to grapple with the impacts of inevitable cancellations, deferments, and delays in commencement of charter contracts, as well as operating expense escalation related to COVID-19 safety measures imposed by governments within the Group's network.

For FY2020, the Group recorded a year-on-year decrease of 15% in revenue to US\$63.5 million and a 52% decline to US\$7.3 million in gross profit. On the bottom line, the Group narrowed its net loss by 30% to US\$58.4 million, attributed mainly to lower asset impairment and loss arising from asset sale. Excluding asset impairment and non-recurring items, the adjusted EBITDA was positive at US\$13.9 million.

### *Staying on course in our restructuring efforts*

On the restructuring front, the Company encountered several stumbling blocks between late 2019 and early 2020 when discussions on restructuring options contemplated by the

potential investors, including the first and second financiers, were unexpectedly derailed by the outbreak of the COVID-19 pandemic and the oil price war that subsequently unfolded.

The Company had to go back to the drawing board to re-calibrate its restructuring proposal and approach other potential investors who had shown keen interest in extending debt financing to the Company in the course of 2019 and 2020. Eventually, after much grind and persistence, the Company put together a proposal involving a third financier (the "Third Financier") that was finally accepted by its major lenders. On 6 November 2020, the Group announced that the major lenders had entered into a letter of agreement with the Third Financier in relation to the proposed acquisition of the loan receivables (the "Loans") and all related rights, claims and securities in respect of loans provided by the major lenders for the financing of the Group.

The Group is currently 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.

Due diligence on the Group by the Third Financier is progressing and the definitive agreements are being negotiated between the relevant parties. The Group is working closely with all stakeholders to ensure that the debt restructuring of the Group can be completed in an expedient manner.

In relation to the restructuring of the notes, the Group has launched a consent solicitation exercise on 10 February 2021 to seek the approval of the noteholders for the proposed restructuring of the notes. The noteholders meeting was held on 10 March 2021 and adjourned due to the quorum requirements not being met. The noteholders meeting will be reconvened on 16 April 2021, subject to finalisation of all relevant arrangements.

The Group is also working in parallel to restructure its remaining liabilities through bi-lateral agreements and scheme of arrangements.

The Company will continue to update shareholders on material developments of the Group restructuring by way of announcements via SGXNet at the appropriate juncture.

## LOOKING AHEAD

The first COVID-19 vaccines have been authorised for use and dissemination has begun in several countries, including Singapore where the Group's head office is based. This marks a major turning point in the global pandemic and brings fresh optimism for normalcy in 2021. In spite of this recent positive development, it is still premature to say that we can see any clear end in sight.

### *Strategy pivot critical to the survival of the Group*

As we peer through the fog of uncertainty, we need to think beyond the near-term survival of the Group and how to reposition ourselves once the crisis passes. Immediately after the completion of the restructuring, the value proposition of the Group is envisaged to pivot towards that of a ship management business. The Group will be asset-light and will continue offering its expertise and services in the offshore marine industry while operating on a lean capital structure.

The ship management business model possesses significant merits. It offers a relatively stable and recurring revenue stream, cost efficiencies and economies of scales associated with managing large vessel fleets.

In the near term, we see tactical opportunities arising from the industry crises, given the increasingly stringent operational demands imposed by international and national oil companies customers as well as the mounting pressure on smaller operators to rein in their costs, outsourcing of ship management activities by shipowners to third party managers is set to gain pace.

Leveraging on our reputation as a quality owner-operator and our deep expertise in ship management built over the years, we are confident that Pacific Radiance is well-positioned to transition to a full-fledged ship management business.

### *Diversifying into renewable energy sector*

The Group has set its sight on the tremendous potential of the offshore wind farm market. In recent years, there has been exponential growth in offshore wind farm capacity with large scale wind farms getting installed at locations away from shore, thus increasing the dependency on OSVs to install, commission and maintain these wind farms. There are sizeable opportunities and demands for repurposed OSVs, crew transfer vessels and service operation vessels to provide accommodation and walk-to-work services – both of which are crucial in the installation and maintenance of offshore wind projects. Upon completion of the debt restructuring, the Group believes its track record and expertise in shipbuilding and project management will allow the Group to capture substantial work in this space, paving the way to strengthen its presence in the offshore wind segment.

### *Digital transformation journey*

The Group has embarked on its digital transformation journey in 2019 and is now in the process of rolling out a new marine enterprise resource planning system to streamline its end-to-end workflow for all core functions. The ERP system provides a central database of pertinent information that can be retrieved locally or remotely and is further augmented by data analytics capabilities to support real-time data-driven decision making for the Company. Our digitalisation initiative, which is supported by the Maritime & Port Authority of Singapore, will reshape the way business is conducted and create a focused and coordinated workflow across the entire value chain that spans the chartering, crewing, procurement, operations, technical, finance, human resources and the quality, health, safety, security, environment departments. The ERP system, once fully implemented, will form the lynchpin of the organisation as the Group transitions into a full-fledged ship management business.

## CORPORATE GOVERNANCE

Pacific Radiance is committed to embracing the revised Code of Corporate Governance that was issued in August 2018. We have proactively taken steps to adopt certain aspects of the Code. Details of our corporate governance practices are shared in the Corporate Governance section of this Annual Report.

## SUSTAINABILITY REPORTING

As we continue to press on with our restructuring efforts, we remain steadfast in our commitment to sustainable business practices. We continue to balance our long-term commercial objectives, meet the needs of our staff and local communities, as well as protect the environment we operate in. We are pleased to publish our FY2020 sustainability report which is prepared with reference to Global Reporting Initiative standards and details our economic, social and environmental efforts and performance for the financial year.

## NOTE OF THANKS

On behalf of the Board, I sincerely thank our staff and management for their loyalty, determination and commitment to keep the Pacific Radiance flag flying high. To our clients, shareholders, noteholders, and business partners, we extend our gratitude for your patience and faith in us and our ability to steer the Group out of this crisis. With your continued support, Pacific Radiance remains confident of rising above the challenges ahead.

## BOARD OF DIRECTORS & EXECUTIVE OFFICERS

### **MR. PANG YOKE MIN** Executive Chairman

Mr. Pang Yoke Min was named the Group's Executive Chairman in January 2013, after having served as its principal adviser in 2012. Mr. Pang was also the Group's Non-Executive Director from January 2007 to December 2011 and was last re-elected as a Director of the Company on 16 July 2018. He is currently responsible for the Group's overall strategic direction and growth, and has led its swift transformation into a promising major player in the provision of offshore vessels.

A veteran of the offshore oil and gas industry with more than 30 years of experience, Mr. Pang co-founded Jaya Holdings Limited in 1981 and was its managing director until 2006.

Mr. Pang is a non-independent and non-executive director of GYP Properties Limited (formerly known as Global Yellow Pages Limited) which is listed on SGX. He sits on the nominations, audit and remuneration committees at GYP Properties Limited.

Mr. Pang graduated with a Diploma in Business Administration from the Institute of Business Administration in Australia.

### **MR. PANG WEI MENG** Executive Director Acting Chief Commercial Officer

Mr. Pang Wei Meng was appointed as one of the Group's Executive Directors in November 2006 and was last re-elected as a Director of the Company on 26 April 2019. As the Acting Chief Commercial Officer, Mr. Pang heads the Group's Offshore Support Services and Subsea Business Divisions and oversees their overall day-to-day operations. Further, he has the primary responsibility of dealing with new clients for the chartering of the Group's vessels.

Mr. Pang played a key role in the Group's formative years, during which his responsibilities included marketing, business development and finance.

Mr. Pang graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic and a Bachelor of Commerce in Finance and Accounting from the University of New South Wales, Australia.

### **MR. LAU BOON HWEЕ** Executive Director Chief Technical and Shipyard Officer

Mr. Lau Boon Hwee was appointed as one of the Group's Executive Directors on 28 October 2013 and was last re-elected as a Director of the Company on 25 June 2020. He is responsible for the Group's newbuild projects and overseeing the technical and service aspects of the Group's operations. He was instrumental in the development and construction of the Group's new shipyard that successfully commenced operations in August 2016.

Mr. Lau is a veteran in the offshore marine industry with more than 30 years of experience. Prior to joining the Group, he worked in various Singapore shipyards, including Asian Shipbuilding Industries Pte. Ltd. and Jaya Shipbuilding & Engineering Pte. Ltd., where he gained experience in shipbuilding and ship repairing operations.

Mr. Lau graduated with a Diploma in Offshore and Shipbuilding from Ngee Ann Polytechnic.

### **MR. NG TIONG GEE** Lead Independent Director

Mr. Ng Tiong Gee was appointed as the Group's Lead Independent Director on 28 October 2013 and was last re-elected as a Director of the Company on 26 April 2019. He has substantial experience in the information technology sector and strategic human resource management.

Mr. Ng was the senior vice president for innovation and technology at Resorts World Sentosa. He was also at various times in his tenure there responsible for the Engineering and Estate Management divisions of RWS. He has held various key positions at Digital Equipment Singapore (now part of Hewlett-Packard), Siemens Microelectronics Asia Pacific Pte. Ltd. (now known as Infineon Technologies Asia Pacific), Gateway Incorporated, STATS ChipPAC and United Test and Assembly Center Ltd., and his roles have included, among others, director of information systems and services, chief information officer and chief human resource officer.

Mr. Ng is currently a non-executive and independent director of GYP Properties Limited (formerly known as Global Yellow Pages Limited) and is also the chairman



of its remuneration committee as well as a member of its audit and nominations committees. He is also an independent director of Y Ventures Ltd. and is the chairman of its nomination committee as well a member of its remuneration and audit committees. Mr. Ng is currently the chairman of Yellow Pages Pte. Ltd., an online directory and digital marketing company. He is also a director of Ren Ci Hospital as well as the president of Tech Talent Assembly, an NTUC-affiliated association.

Mr. Ng graduated with a Bachelor of Mechanical Engineering from the National University of Singapore and holds a Master of Business Administration from Nanyang Technological University of Singapore. He has also attended the Advanced Management Program in Harvard Business School.



**MR. YONG YIN MIN**  
Independent Director

Mr. Yong Yin Min was appointed a Non-Executive Director in 2006 and was re-designated as an Independent Director in 2017. He was last re-elected as a Director of the Company on 25 June 2020. A veteran of the financial sector, he brings with him invaluable expertise in private, corporate and investment banking.

He has held senior positions at Chase Manhattan Bank, NZI Bank, Standard Chartered Bank, Keppel Bank, GE Capital and KBC Bank. At various points in his career, he headed teams in private and corporate banking, and served as a regional operations manager and a general manager for commercial and investment banking.

He graduated with a Bachelor of Science from the University of Singapore. He later earned a Master in Business Administration from the University of Toronto in Canada and a Master in Financial Engineering from the National University of Singapore.



**MR. GOH CHONG THENG**  
Independent Director

Mr. Goh Chong Theng was appointed as the Group's Independent Director on 28 October 2013 and was last re-elected as a Director of the Company on 25 June 2020. He is currently the corporate finance director of PT Central Cipta Murdaya. Prior to this, he was the head of banking of RGE Pte. Ltd. from March 2012 to July 2013 and the chief financial officer of TT International Ltd. (a company listed on SGX) from 2010 to 2012.

Mr. Goh has garnered more than 30 years of experience in the banking and finance sector, mostly at international banks such as Citigroup, Standard Chartered Bank, ABN AMRO, OCBC Bank and Rabobank International, where he held key appointments such as senior vice president and head of wholesale corporate banking and also as general manager for Singapore branch and the region, among others.

Mr. Goh graduated with a Bachelor of Computer Science from the University of Windsor, Canada and a Master in Business Administration (Finance and Accounting) from McGill University, Canada. He has attended leadership and management development programs at INSEAD in Paris, Manchester Business School and also Ashridge College in London.

Mr. Goh is currently the lead independent director and the chairman of the risk and audit committee of Winmark Investment Holdings Limited (formerly known as Serrano Limited), which is listed on the Catalist Board of the SGX-ST.

## BOARD OF DIRECTORS & EXECUTIVE OFFICERS



### MR. PANG WEI KUAN, JAMES

Acting Chief Executive Officer

Mr. Pang Wei Kuan, James joined the Group in July 2011 and was appointed the Acting Chief Executive Officer on 1 January 2020. As the Acting Chief Executive Officer, Mr. Pang drives the Group's strategic activities by developing and executing the Group's investment and business plans. In recent years, Mr. Pang also leads the restructuring of the Group's balance sheet and negotiations with potential investors and other stakeholders.

His other activities include building up and strengthening the Group's marketing and business development activities as well as streamlining and digitalizing the Group's processes and operations. Having established the Group's ventures into foreign cabotage markets, Mr. Pang continues to oversee the Group's joint ventures in regions such as Indonesia, Latin America and the Middle East.

Mr. Pang graduated with a Bachelor of Arts, Major in Economics (summa cum laude) and a Bachelor of Science in Business Administration, Major in Finance (summa cum laude) from Boston University in the United States of America.



### MS. CHIA IRIS

Chief Financial Officer

Ms. Chia Iris joined Pacific Radiance in 2017 as the Chief Financial Officer. She oversees the Group's overall financial, accounting, taxation, corporate finance, treasury, legal and IT matters, ensuring compliance with financial reporting requirements.

Ms. Chia possesses more than 20 years of banking and corporate finance experience, mostly at DBS Bank, Standard Chartered Bank, Natixis and KPMG Corporate Finance. During her stint in banking, Ms. Chia completed numerous financing and capital markets transactions and provided advisory services across multiple industry sectors, including transportation (shipping and aviation), telecommunications, media and technology, real estate, retail, food and beverage, industrial, trading and automotive sectors. She also oversaw teams across business segments for local corporates, large conglomerates and multi-national corporates.

Ms. Chia holds a Master of Science (Applied Finance) from the National University of Singapore and a Bachelor of Accountancy from the Nanyang Technological University. She has also completed the Chartered Financial Analyst Program.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Pang Yoke Min**  
Executive Chairman

**Mr. Pang Wei Meng**  
Executive Director

**Mr. Lau Boon Hwee**  
Executive Director

**Mr. Ng Tiong Gee**  
Lead Independent Director

**Mr. Goh Chong Theng**  
Independent Director

**Mr. Yong Yin Min**  
Independent Director

## AUDIT COMMITTEE

Mr. Goh Chong Theng, Chairman  
Mr. Yong Yin Min  
Mr. Ng Tiong Gee

## REMUNERATION COMMITTEE

Mr. Yong Yin Min, Chairman  
Mr. Ng Tiong Gee  
Mr. Goh Chong Theng

## NOMINATING COMMITTEE

Mr. Ng Tiong Gee, Chairman  
Mr. Yong Yin Min  
Mr. Pang Wei Meng

## JOINT COMPANY SECRETARIES

Ms. Lin Moi Heyang, ACIS  
Ms. Low Mei Wan, ACIS

## REGISTERED OFFICE

15 Pandan Road  
Singapore 609263  
Tel +65 6238 8881  
Fax +65 6278 2759  
[www.pacificradiance.com](http://www.pacificradiance.com)

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

**Tricor Barbinder Share Registration  
Services**

80 Robinson Road  
#02-00  
Singapore 068898

## AUDITORS AND REPORTING AUDITORS

**Ernst & Young LLP**

One Raffles Quay  
North Tower, Level 18  
Singapore 048583

Partner-in-Charge:

Mr. Chan Yew Kiang  
Chartered Accountant,  
a member of the Institute of Singapore  
Chartered Accountants  
Appointed since financial year  
ended 2016

## PRINCIPAL BANKERS

**United Overseas Bank Ltd.**

80 Raffles Place  
UOB Plaza  
Singapore 048624

**DBS Bank Ltd.**

12 Marina Boulevard, Level 46  
DBS Asia Central @ MBFC Tower 3  
Singapore 018982





## ***STAYING RESOLUTE***

Our resolve to succeed is built upon the determination and ingenuity of our people. In face of the global pandemic, we have gone to extraordinary lengths to ensure that business goes on as usual by adapting how we work. We remain steadfast and unyielding to the most difficult of situations the industry has ever had to navigate in.

## FINANCIAL & OPERATIONS REVIEW

In the first quarter of 2020, it became increasingly evident that a novel coronavirus originating from East Asia could become a global pandemic. By mid-March, when the World Health Organization declared the outbreak of the 2019 coronavirus disease ("COVID-19") to be a pandemic, many of the industrialized nations had implemented drastic measures in attempt to limit its impact.

The COVID-19 pandemic has led to significant volatility, uncertainty, and major energy market disruption in 2020. Governments world-wide imposed travel restrictions, border closings, restrictions on public gatherings, stay-at-home orders, and limitations on business operations in order to contain its spread. During the same period, oil-producing countries struggled to reach consensus on global production levels, resulting in both a market oversupply of oil and significant increase in oil price volatility.

These adverse conditions had affected the Group's operations beginning the first quarter of 2020 and continued throughout the remainder of the year. Many oil majors, including several of our customers, had to make material reductions to their planned spending on offshore projects, further compounding the impact of COVID-19 on global offshore operations. The Group had to take measures to mitigate the impacts of cancellations, deferments, and delays in commencement of charter contracts, as well as additional operating expense related to COVID-19 safety measures imposed by governments in countries our vessels operate.

### FINANCIAL REVIEW

#### *Revenue and profitability*

The Group reported a 15% decrease in revenue to US\$63.5 million in FY2020, mainly due to weaker performance in the Subsea and Shipyard Businesses.

Overall, the Group managed to turn in a gross profit of US\$7.3 million in FY2020 despite the challenging market conditions. Net loss narrowed to US\$58.4 million after taking into consideration asset impairment of US\$44.2 million. The lower net loss was attributed mainly to lower asset impairment and loss on asset disposal as compared to the prior year. Excluding asset impairment and non-recurring items, the adjusted EBITDA was positive at US\$13.9 million.

General and administrative expenses decreased by 17% to US\$14.6 million as a result of aggressive cost-containment measures in anticipation of the reduced demand for offshore support vessels ("OSVs").

#### *Segmental Performance*

The Offshore Support Services business posted a marginal increase of 1% in revenue to US\$54.7 million mainly driven by higher utilisation of the Group's offshore support vessel fleet in the earlier part of FY2020.

The Subsea business registered a decrease of 72% to US\$4.2 million due to a lower utilisation of the Group's subsea vessels. Revenue from the Shipyard business decreased by 11% to US\$4.6 million due to lower completion of ship repair works as the shipyard had to stop its operation for a few months in FY2020 to comply with COVID-19 measures.

Geographically, Asia remains the main contributor comprising 73%, or US\$46.1 million of the Group's revenue.

### OPERATIONS REVIEW

Throughout FY2020, despite the challenging conditions brought about by the COVID-19 pandemic, Pacific Radiance maintained its presence in key regions including Asia, the Middle East, Mexico and Africa. The Group continued to put a strong focus on market development, operational excellence and service delivery to its customers.





In Asia, the Group remained active in Brunei, Malaysia and Vietnam with the deployment of vessels in these regions to support many international and national oil companies as end clients. Notably, one of our indirectly-owned accommodation work barge was deployed from June to November 2020 in Singapore as a quarantine vessel with the Maritime and Port Authority of Singapore.

In the Middle East, the Group has accumulated significant operating experience in the region and continued to position itself to capture opportunities in key markets like United Arab Emirates and Saudi Arabia. Our Middle East vessels support the seismic operations and well stimulation campaigns in the Arabian Gulf.

In Mexico, despite facing pressures from intense competition and an oversupply of vessels in the region, our vessels continued to deliver and provide our clients support in supply, towage and anchor handling, lifting and accommodation work scopes.

Overall, the demand for the Group's vessels and services was impacted with projects cancelled, delayed and/or work scope suspended following the drop in oil demand caused by the pandemic, especially towards the latter half of FY2020. The Group ended the year with a utilisation of 55% in the last quarter of FY2020 for its fleet of vessels.

The cost and complexity of our operations have increased significantly due to restrictions on personnel and asset movements imposed by governments in the countries the Group's vessels operate in. The Group has to undertake various measures to ensure business continuity and to safeguard the well-being of its shore-based employees and its offshore crew, such as the implementation of a work-from-home policy, adopting strict sanitization measures

across its facilities, and instituting strict COVID-19 measures for vessel operations and crew change. The Group will take further actions as necessary and appropriate.

In the challenging environment, it is of paramount importance that the Group remains adept in managing its operating and overhead expenses appropriate to the changing market demand. During the year, the Group had to make difficult decisions to further right-size its crew and corporate staff headcount as well as put several idle vessels on lay-up. Notwithstanding, the Group has a well-documented protocol for putting vessels into a controlled lay-up state upon the completion of jobs. This ensures that the laid-up vessels remain in a well-maintained condition and enables them to be reactivated in a short span of time to meet new contract requirements. The Group remains prepared that the COVID-19 pandemic will not abate in the near to medium term and will continue to scrutinize its operating and overhead expenses on an ongoing basis to ensure the costs matches its activity level.

#### **UPDATE ON RESTRUCTURING**

On 20 January 2020, the Company announced that discussions with a financier (the "First 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.

## FINANCIAL & OPERATIONS REVIEW



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.

The alternative restructuring options included the possibility of the Company proceeding with the combination of business with Allianz Marine and Logistics Services Holding Ltd (“AMLS”) and having the restructured debt repaid by way of some upfront cash payment and the balance payment over time. However, the major lenders and AMLS could not reach an agreement on the terms of restructuring after several rounds of negotiations.

On 26 March 2020, the Company announced that in relation to the S\$100,000,000 4.30 Per Cent. Notes Due 2020 comprised in Series 001 (the “Notes”), the redemption of the Notes was subject to the proposed scheme of arrangement being sanctioned by the High Court and the shareholders’ extraordinary resolutions to put into effect the debt restructuring being passed by 31 March 2020, being the Second Extended Maturity Date of the Notes. The Company also announced that the aforementioned conditions for the redemption of the Notes would not be fulfilled by 31 March 2020.

### *New Debt Restructuring – Third Financier*

The major lenders eventually expressed their preference for another proposal submitted by another financier (the “Third Financier”). The Third Financier was one of the potential financiers who had shown keen interest in extending debt financing to the Company in the course of 2019 and 2020. On 6 November 2020, the Group announced that the major

lenders had on 5 November 2020 entered into a letter of agreement with the Third Financier in relation to the proposed acquisition of the loan receivables and all related rights, claims and securities in respect of loans provided by the major lenders for the financing of the Group.

As per the letter of agreement, the proposed debt sale to the Third Financier is part of the restructuring of the financial indebtedness of the Group (the “New Debt Restructuring”) which involves:

- a) the sale of the mortgaged vessels (the “Vessels”) to the Third Financier’s nominated company (the “Purchaser”) for cash payment and discharge of the secured indebtedness;
- b) as security for the completion of the sale set out in (a) above, a pledge of the Company’s shares in the material entities to the Purchaser;
- c) the restructuring of the unsecured debt obligations of the lenders and other creditors (including trade creditors) via court-sanctioned schemes of arrangement of the Company’s two subsidiaries (which hold the Vessels);
- d) the Company entering into ship management contracts with the Purchaser in relation to the Vessels;
- e) in relation to a lender, the Company’s office and shipyard complex and its associated loan being restructured on mutually agreed terms between the lender and the Company; and
- f) the consensual restructuring of the Notes pursuant to a consent solicitation exercise.



As at the date of the publication of this report, the Group is 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.

Due diligence on the Group by the Third Financier is underway and the definitive agreements are under negotiation between the relevant parties. The Group is working closely with all stakeholders to ensure that the New Debt Restructuring can be completed in an expedient manner.

In relation to the restructuring of the Notes, the Group has launched a consent solicitation exercise on 10 February 2021 to seek the approval of the noteholders for the proposed restructuring of the Notes. The noteholders meeting held on 10 March 2021 was adjourned as the quorum requirement was not met. The noteholders meeting will be reconvened on 16 April 2021, subject to finalisation of all relevant arrangements.

The Group is also working in parallel to restructure its remaining liabilities through bi-lateral agreements and scheme of arrangements.

Please refer to the Company's announcements on SGXNet for further updates and disclosures.

## **OUTLOOK AND STRATEGY**

The challenging operating conditions that have weighed down the performance of the Group are expected to continue into FY2021. Whilst recent positive development on the vaccine front has helped boost oil prices and investor sentiment, the recovery path is expected to be slow and uneven in the near to mid-term till the global pandemic can be put under control. The Group will continue to stay vigilant in managing costs and liquidity to sustain its operations and focus on progressing with its New Debt Restructuring.

Upon completion of the New Debt Restructuring, the Offshore Support Services and Subsea businesses are expected to be scaled down significantly. The Shipyard business is undergoing separate restructuring and is not expected to contribute positively to the Group's business in the near to medium term.

The immediate priority of the Group will be to reposition itself for the next phase of development by leveraging on its reputation as a quality owner-operator and its deep expertise in ship management it has built over the years to successfully transition to a full-fledge ship management business and channeling resources to drivers of growth in the offshore renewable energy space.

### *Prospects from outsourcing activities in the long term*

The Group believes the ship management business model possesses significant merits in allowing the Group to continue offering its expertise and services in the offshore marine industry while operating on a lean capital structure. Ship management fees are generally recurring in nature and hence will provide the Group with a relatively stable revenue stream going forward.

Moreover, the ship management business model is expected to stay resilient in the current challenging environment as more ship owners look to scale down their operations, contain their costs and outsource all or certain parts of their crewing, technical or commercial management operations to professional ship managers.

This is especially so with ship owners that operate smaller fleets, as the costs of a full suite of in-house management functions could be prohibitively uneconomical.

### *Burgeoning market demand for offshore support vessels in the global offshore wind farms*

According to the International Energy Agency, the global offshore wind market is set to expand significantly over the next two decades, growing by 13% per year. Bolstered by policy targets and falling technology costs, global offshore wind capacity is forecasted to increase fifteen-fold to 2040, becoming a US\$1 trillion industry over the next two decades. In tandem with the rapid growth of the global offshore wind market, there is a fast-growing demand for repurposed OSVs, crew transfer vessels and service operation vessels to install, commission and maintain these wind farms.

These vessels play a critical role in the offshore wind farms by transporting technicians and spare parts for their upkeep and maintenance from shore facilities to the wind farm towers located far afield the shorelines. Due to increased wind levels, these vessels operate in harsh conditions and their operations demand highly trained and experienced crew. The Group is currently setting up the groundwork to run the end-to-end business operations with potential partners covering activities in crewing, training, operations management, business development as well as the implementation of growth strategies. The deep market knowledge and operational experiences exchanged through the cooperation and interaction with these potential partners will allow the Group to progressively ramp up its presence in this segment.



# **SUSTAINABILITY REPORT**

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# **SUSTAINABILITY REPORT**



## **BOARD STATEMENT**

The Board oversees the strategic direction of sustainability at Pacific Radiance Ltd. ("Pacific Radiance", the "Company" or the "Group") and has taken into consideration the sustainability reporting guidelines from SGX.

The Board has been involved in the identification and prioritisation of material factors and has provided resources to manage the governance of sustainability within Pacific Radiance.

The Board ensures that sustainability remains a core focus of the Group and would like to thank the management and employees for their help in the preparation of the report.

### **FEEDBACK**

A softcopy of this report can be found on our website at [www.pacificradiance.com](http://www.pacificradiance.com).

We welcome your questions and value your feedback on our sustainability practices and how we can improve on them.

Please reach out to our sustainability team at [sustainability@pacificradiance.com](mailto:sustainability@pacificradiance.com) should you wish to contact us.

## **ABOUT THIS REPORT**

### **REPORTING SCOPE AND PERIOD**

This is the FY2020 Sustainability Report published by Pacific Radiance, which is headquartered in Singapore and listed on the mainboard of SGX. This report covers our sustainability performance up to 31 December 2020 and includes data and information relating to our operations in Singapore and Indonesia.

The Sustainability Report is published on an annual basis.

### **REPORTING STANDARD**

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards. The GRI Content Index at the end of this report sets out the relevant indicators and where information on such indicators can be found.

### **ASSURANCE**

As the Group is in the process of restructuring and laying the foundation for sustainability reporting, we have not obtained any independent assurance of the information being reported. We will continue to work on embedding our reporting and data collection process into our daily operations, and consider obtaining independent assurance as our reporting matures in the future.

# SUSTAINABILITY REPORT

## OUR BUSINESS

Pacific Radiance has been in the offshore and marine industry since 2002. We have over the years grown from a ship chartering and technical management service business to an established owner and operator of offshore vessels and a provider of subsea services and shipyard services to the global oil and gas industry.

Our business divisions are structured to function as synergistic units that meet the evolving needs of our clients. Each business division benefits from the ability to leverage off the experience and expertise available in the other business divisions. This has allowed us to deliver an end-to-end service and enhanced experience to our clients.

Our head office is situated in Singapore, supported by our associate offices and joint venture entities overseas. Our market presence stretches from Asia to Middle East, Australia, Latin America and Africa.

### OFFSHORE SUPPORT SERVICES

- Directly owns and operates over 30 vessels with additional access to over 50 vessels through our associate companies
  - Dynamically Positioned Platform Supply Vessels
  - Anchor Handling and Ocean Tugs
  - Offshore Barges
- Fleet operations across Asia, Middle East, Australia, Latin America and Africa



### SUBSEA SERVICES

- 2 modern and versatile DP2 Saturation Dive Support Vessels
- Established in:
  - Saturation and air diving operations
  - ROV operations and subsea installation
  - Inspection, maintenance and repair works
- Operate extensively in Australia and Asia



### SHIPYARD

- 33,000m<sup>2</sup> state-of-the-art facility
- Experienced in offering:
  - Professional ship repair services
  - Fabrication and conversion for afloat and docking vessels



## SUSTAINABILITY AT PACIFIC RADIANCE

We have always embraced sustainable business practices at Pacific Radiance.

Our vision to become a global and best-in-class integrated marine solutions provider is based on our commitment to meet our customers' requirements, and at the same time creating sustainable value to our stakeholders and contributing to the development of our people.

Over the years, we have conducted our businesses professionally with strong emphasis on safety, quality, excellence and environment protection.

We are guided by our Enterprise Risk Management ("ERM") framework and various policies including:

- Occupational Health, Safety and Security Policy
- Environmental Policy
- Quality System Management Policy

### STAKEHOLDER ENGAGEMENT

Stakeholder concerns and needs are key to forming our sustainability agenda and focus. We focus our stakeholder engagement efforts based on the significance of their influence on our business and our dependency on them. We engage with our key stakeholders regularly to ensure their concerns are addressed.

STAKEHOLDER GROUP	FREQUENCY	METHOD <sup>1</sup>	TOPICS OF CONCERN	OUR RESPONSE
<b>Employees</b>	Monthly, Annual	Regular town hall meetings, monthly meetings between department heads, employee surveys, monthly environmental awareness updates, annual Earth's Day and Environmental Day activities	<ul style="list-style-type: none"> <li>– Training needs</li> <li>– Welfare and benefits</li> <li>– Health, safety and security</li> <li>– Conducive work environment</li> <li>– Environmental awareness, recycling and charity</li> </ul>	<ul style="list-style-type: none"> <li>– Sending employees for training</li> <li>– Regular performance review</li> <li>– Organising awareness activities</li> </ul>
<b>Lenders</b>	Quarterly, Ad-hoc	Routine reports, One-to-one meetings	<ul style="list-style-type: none"> <li>– Economic performance and compliance with financial covenants</li> <li>– Updates on restructuring</li> </ul>	<ul style="list-style-type: none"> <li>– Timely updates to relevant stakeholders</li> </ul>
<b>Investors</b>	Annual, Quarterly, Ad-hoc	Annual and Extraordinary General Meetings, announcements and updates via corporate website and SGXNet, investor road shows, informal noteholder meetings and clinic sessions	<ul style="list-style-type: none"> <li>– Economic performance</li> <li>– Regulatory compliance</li> <li>– Updates on restructuring</li> </ul>	<ul style="list-style-type: none"> <li>– Sharing of regular updates</li> <li>– Timely disclosures through SGXNet</li> </ul>
<b>Clients</b>	Ad-hoc	Feedback survey, regular dialogue sessions	<ul style="list-style-type: none"> <li>– Vessel functionality, availability, best practices and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>– Relevant corrective actions</li> <li>– Vessel modifications</li> <li>– Bridging document to align operational goals</li> </ul>
<b>Regulators/ Government</b>	Ad-hoc	One-to-one meetings, participation at regulatory update meetings	<ul style="list-style-type: none"> <li>– Ballast Water Management</li> <li>– GHG emissions reductions/ sulphur limits</li> <li>– Safety and transport of hazardous materials</li> <li>– Updates on restructuring</li> </ul>	<ul style="list-style-type: none"> <li>– Strict compliance to guidelines and standards</li> <li>– Timely response to address all concerns</li> </ul>

<sup>1</sup> In view of the COVID-19 pandemic, many activities have been either temporarily suspended or moved to a virtual mode to ensure the safety and well-being of our employees. These measures and plans are updated continually to adhere to advisories and recommendations of the regulators.

# SUSTAINABILITY REPORT

## SUSTAINABILITY GOVERNANCE

The SGX guidelines have provided us an opportunity to view sustainability through the lens of materiality and align our existing efforts to ensure that material ESG Environmental, Social and Governance (“ESG”) factors are identified and addressed.

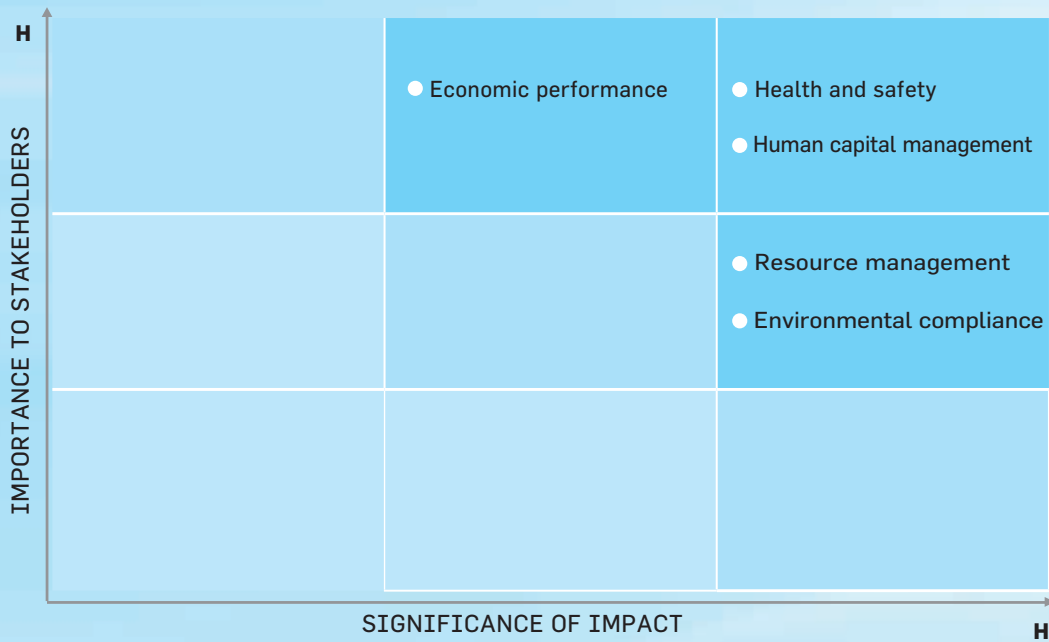
Sustainability is governed at the highest level by the Board, monitored by senior management through a sustainability work group and executed by respective departments on the ground.

## MATERIALITY ASSESSMENT

A materiality assessment was conducted in 2017 according to the GRI Standards’ Principles for defining report content. We conducted a high-level exercise on a universe of factors to short-list the key ESG factors where our company creates significant long-term impact.

We then engaged our employees and management to seek their feedback on these factors and validated the results to arrive at our final list of material factors (see below).

In the future, we may also consider engaging, in a phased approach, other stakeholders such as regulators, clients and key investors in identifying their concerns in relation to our material topics.



Pacific Radiance Materiality Matrix

## RESOURCE MANAGEMENT

Environmental responsibility is on top of our sustainability agenda. Guided by our environmental policy, we strive to minimise our carbon footprint, manage our water discharge, reduce our wastage, ensuring strict compliance to environmental friendly practices.

### ENERGY AND EMISSIONS

We are mindful that the shipping industry accounts for nearly 2% of total global anthropogenic carbon dioxide emissions yearly, mainly through the use of fossil fuel.

In Pacific Radiance, our energy consumption occurs at three key locations: our vessels, which run on fuel oil, as well as our office premises and shipyard, which primarily consumes electricity.

To improve our fuel efficiency at an operational level, we follow the Ship Energy Efficiency Management Plan ("SEEMP") and are also focusing on automating our vessels and improving awareness of employees on energy and carbon issues. Furthermore, we operate according to the MARPOL – International Convention for the Prevention of Pollution from Ships.

Our fleet uses marine diesel oils that is compliant with the stringent sulphur cap regulations which limits sulphur emissions to less than 0.5.

We operate and own, directly and indirectly, 4 modern diesel electric vessels which offer considerable fuel savings in comparison to mechanical driven vessels. This also increases the flexibility, efficiency and reduces the need for machinery redundancy of the vessels.

## BEST PRACTICES ADOPTED FOR FUEL EFFICIENCY

### Fuel efficient operations

- Vessels with electric propulsion
- Improved voyage planning
- Weather routing
- Just-in-time arrival
- Speed optimisation

### Optimised ship handling

- Optimum trim
- Optimum ballast
- Optimum use of rudder and control systems

### Hull Maintenance

- Propulsion system maintenance

## SAVING FUEL AND ENHANCING EFFICIENCY THROUGH VESSEL AUTOMATION

Our entire vessel fleet is outfitted with shipboard automation systems that enable continuous monitoring of parameters such as temperature, pressure, flow of cooling water, fuel oil, lube oil etc. These data provide critical information for the crew to make operational decisions.

For instance, fuel consumption data that is available through a digital platform helps the operations manager to verify if the values are optimal. Since this data is made available without the intervention of the vessel crew, it also saves time and reduces false reporting. The real time nature of the data also allows comparison with other identical vessels operating in the same field and thereby detect and implement corrective actions for overconsuming vessels.



# SUSTAINABILITY REPORT

## WHY MATERIAL

Energy savings and emission reductions have a direct impact on our bottom line. They also help us mitigate business risks from volatile global oil prices, reduce our impact on the environment and risks of non-compliance with prevailing regulations.

## OUR ACTIONS

- Adhere to ISO 14001 and track and monitor energy and emissions data regularly
- Work in accordance to the SEEMP
- Perform environmental awareness training for staff
- Automation of our vessels

## LOOKING AHEAD

Continue to comply with the 2020 sulphur cap regulations.

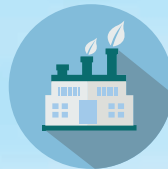
## PERFORMANCE



### TOTAL ENERGY CONSUMPTION

Total electricity consumption:  
**917,292 kWh**

Total marine diesel oil consumption:  
**31,950 tonnes**



### TOTAL GHG EMISSION

Scope 1:  
**102,431** TCO<sub>2</sub> eq.

Scope 2:  
**375** TCO<sub>2</sub> eq.

Total:  
**102,806** TCO<sub>2</sub> eq.

NOx:  
**1,564** tonnes

SOx:  
**84** tonnes



### TOTAL WATER CONSUMPTION

Total fresh water consumed by office premises and shipyard:  
**3,056** m<sup>3</sup>

#### Notes:

1. We use the emission factors 3.206, 0.04896 and 0.00264 for calculation of CO<sub>2</sub>, NOx and SOx emissions respectively. [Source: <https://wwwcdn.imo.org/localresources/en/OurWork/Environment/Documents/Third%20Greenhouse%20Gas%20Study/GHG3%20Executive%20Summary%20and%20Report.pdf>]
2. We provide nearly 45% (734,030 kWh) of the total electricity supplied to us (1,651,322 kWh) to vessels in our facility via cold ironing facilities. This is much friendlier to the environment due to the efficiency of the power station versus use of a small diesel generator.
3. We use 0.4085 as the grid emissions factor for electricity conversion. [Source: [www.ema.gov.sg](http://www.ema.gov.sg)]
4. Our diesel oil data includes our vessels from PT Logindo, Strato Maritime and shipyard consumption.
5. Our electricity data includes our shipyard and office consumption.
6. We received a total of 11,209 m<sup>3</sup> of fresh water and 7,899 m<sup>3</sup> of NEwater to our sites. Out of this, 8,631m<sup>3</sup> was supplied to external vessels.



**EFFLUENTS AND WASTE**

Ballast water disposal and waste reduction are two important components of how we manage our environmental risks. We take all required efforts in ensuring that the ballast water disposed into the waters is treated sufficiently so that it creates minimum harm to the environment. Similarly, we are making efforts to reduce wastage from our operations.

**BALLAST WATER MANAGEMENT**

Our vessels use water as ballasts for staying stable at sea. However, ballast water discharge contains a variety of biological materials including plants, animals, viruses and bacteria. These materials are often non-native and may cause damage to the ecological systems where they are discharged as well as issues to human health.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention"), which took effect in September 2017, requires all ships to implement a ballast water management plan. All ships are also required to monitor ballast water discharge and carry out ballast water management procedures according to a given standard. Pacific Radiance is prepared for all its vessels to be compliant with the BWM Convention as per the mandated timelines.

**LOOKING AHEAD**

*All our vessels are in compliance with the basic D1 standards of the BWM Convention, We are currently on track to achieving the D2 standards compliance by 2024.*



**WASTE MANAGEMENT**

We are committed to reduce waste at all levels in our operations. Guided by our waste management policy and Garbage Management Plan, we ensure that all waste is properly stored until a suitable treatment disposal route is available. We also label our waste by its composition, hazards and instructions of actions in case of an

emergency to ensure our employees are ready to handle the waste at all times. Furthermore, our employees adopt Lean Practices across our operations, to minimise our total waste generated.



**PAPER**  
 644 kg



**GLASS**  
 25 kg



**PLASTIC**  
 120 kg



**OTHERS**  
 43 kg



**CANS**  
 101 kg

# SUSTAINABILITY REPORT (ENVIRONMENT)



## ENVIRONMENTAL COMPLIANCE

Our environmental policy guides us in minimising and mitigating any negative environmental impact caused from our day-to-day operations and ensuring that we are in compliance with all environment related regulations. This policy is driven by our Environmental Management System (“EMS”) that is in line with the requirements of ISO 14001. Through these practices, we exercise a precautionary approach to environmental management.

In 2020, we did not face any significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations.

## SPILLS MANAGEMENT

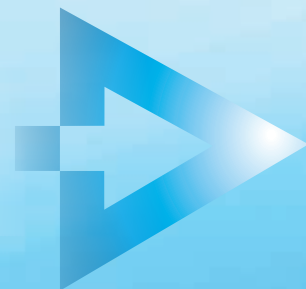
As a vessel operator and service provider to the oil and gas industry, oil spill is one of our key risks that we need to manage. We regularly send our staff to the Oil Pollution Preparedness, Response and Co-operation (“OPRC”) model training courses to ensure they are kept updated on industry best practices.

There are four courses in the series, which range from an introductory level aimed at providing a general introduction and awareness to oil spill preparedness and response to a more tactical course aimed at those working in an incident command centre or managing a response operation, as well as a strategic course aimed at those with responsibility for determining preparedness levels and developing strategy in the response to a marine oil spill.

In 2020, there was zero incident of oil spill.

## LOOKING AHEAD

*Maintain zero fines for non-compliance with environmental laws and zero spills.*



# SUSTAINABILITY REPORT (PEOPLE)

## HUMAN CAPITAL MANAGEMENT

With more than 140<sup>a</sup> onshore employees working across our offices and vessels, our people are a key asset to our business. We manage our human capital by attracting the right talent, developing them and taking care of their safety and well-being.

### TRIPARTITE STANDARDS

Pacific Radiance is a proud adopter of the Tripartite Standards, an initiative championed by the Tripartite Alliance for Fair and Progressive Employment Practices (“TAFEP”) for organisations who want to distinguish themselves as an employer with fair and progressive practices.

Tripartite Standard adopted by Pacific Radiance Ltd:



The Tripartite Standards define verifiable and actionable practices that employers are committed to and implement at workplaces. The adoption of Tripartite Standards allows employers to differentiate themselves in specific key employment and workplace practices that the workforce would look for, thereby enhancing the employers’ manpower attraction and retention.

## EMPLOYEE BENEFITS AND WELL-BEING

We offer a range of benefits to our employees to ensure their well-being. In addition to competitive remuneration, insurance and other leave incentives, we offer performance development reviews for all our employees. In line with the Maritime Labour Convention, we offer financial security and insurance to seafarers in case of abandonment of ship which covers the repatriation of the employee.

We employ a number of foreign workers at our shipyard and we take care of their well-being through the provision of daily lunch subsidy and dormitory for lodging. These not only help defray their living expenses but also allow them to build camaraderie within the group. We advocate fair labour practices and allow our employees to have freedom of association. All our offshore personnel have the right to a collective bargaining agreement.

In 2020, in view of the COVID-19 pandemic, various measures such as work-from-home, split team arrangements and digitalization of work processes were implemented since February 2020 to ensure business continuity and the safety and well-being of our employees.

Many on-site recreational activities have been suspended during this period but we continue to engage our employees through virtual means that include online wellness talks conducted by external parties and virtual yoga, strength training and cardio fitness classes.



<sup>a</sup> As at 31 December 2020

# SUSTAINABILITY REPORT (PEOPLE)



## TRAINING AND DEVELOPMENT

We invest in the training of our people for them to achieve their full potential. This includes both on-the-job training as well as training defined by a position-based competence matrix. In addition, we also offer opportunities for our talented staff to take on overseas postings and transfers to help groom them for greater responsibilities.



**21**  
average training  
hours/employee

**462**  
Training Hours

Note:

Our employee numbers include Pacific Radiance, PCPL, SMS, Alstonia, Crest Subsea, CSI offshore, Crest SA

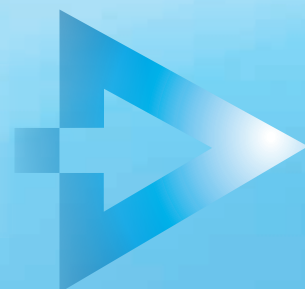
## TALENT ATTRACTION AND RETENTION

Recruiting and retaining the right talent is crucial given the challenging environment faced by our industry today. We have participated actively in the MPA Global Internship Award since 2015. This not only provided the students with hands-on practical maritime experience but also allowed us to build a talent pipeline in the industry. We also recognise the extensive experience of our staff and continue to retain them beyond their statutory retirement age with no change in employment terms.

We have put in place a proactive talent attraction and staff retention measures. Our annual voluntary turnover rate has edged up to 12.2%, from 10.8% in 2019, in line with industry challenges. We will continue to fine tune our initiatives to position ourselves as an employer of choice.

## LOOKING AHEAD

*We are targeting to increase our training efforts and lower our voluntary turnover rate.*



## HEALTH AND SAFETY

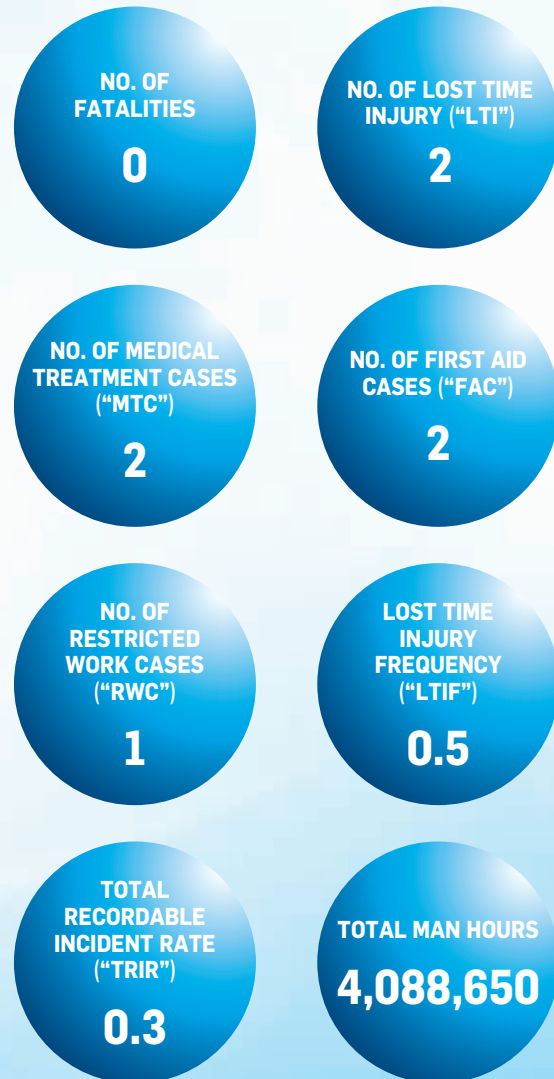
At Pacific Radiance, the safety of our employees is our utmost priority. Our QHSSE policies and safety management system underscore our commitment in becoming a global OSV player that delivers quality services to our clients with zero incident and injuries with highest standards of protecting personnel, asset and the environment.

Our Safety Risk Management Committee meets on a monthly basis<sup>4</sup> to review any cases brought up. Regular training and awareness sessions are provided to staff to avoid lapses in future. All our vessels carry medical supplies and equipment in good supplies and meet the International Convention for the Safety of Life at Sea ("SOLAS") standards.

H&S-related training is a key factor to our crew's safety. We have installed Videotel training computers across our vessels to help facilitate training on H&S-related issues for our crew on-board. In 2020, our crew completed over 7,000 courses, the equivalent of approximately 5,000 training hours. As an attestation to our commitment to safety, we currently hold the bizSAFE Level 3 certification from the Workplace Safety and Health Council.

In 2020, a Group-wide safety briefing was conducted to familiarize all staff with the Workplace Safety and Health (Risk Management) Regulations and the company's Risk Assessment Management System ("RAMS"). Further, our crew continues to participate in the Harm and Incident Prevention ("HiP") program that has been introduced in 2018 to level up the safety culture of our workforce. The HiP program is based on the doctrine that all incidents are preventable and sets forth a clear framework for accountability, rewards for exemplary actions, as well as disciplinary measures for negative behaviour.

## PERFORMANCE



### LOOKING AHEAD

*We aim to maintain zero fatalities and LTI and continue to reduce our TRIR.*

#### Note:

1. LTIF = No. of LTI x 1,000,000 / Total Man Hours
2. TRIR = (No. of LTI+MTC+FAC+RWC) x 200,000 / Total Man Hours
3. QHSSE performance data includes PCPL, SMS, CrestSA and Logindo
4. In view of the COVID-19 pandemic, many activities have been either temporarily suspended or moved to a virtual mode to ensure the safety and well-being of our employees. These measures and plans are updated continually to adhere to advisories and recommendations of the regulators.

# SUSTAINABILITY REPORT (COMMUNITY)



## ECONOMIC PERFORMANCE

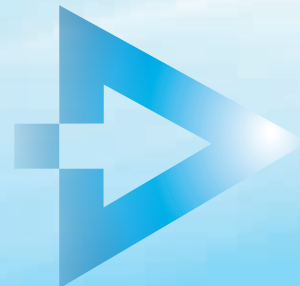
Attaining strong economic performance and preserving value for our stakeholders remain as our primary concerns amidst challenging business environment. In 2020, the Group remained in a negative working capital position and is presently in advanced stage of restructuring its debt obligation.

The Group remains prepared that the COVID-19 pandemic will not abate in the near to medium term and will continue to scrutinize its business activities and operating expenses on an ongoing basis to ensure the costs matches its activity levels.

(US\$'000)	FY2020
<b>Direct Economic Value Generated</b>	<b>63,520</b>
<b>Economic Value Distributed</b>	<b>76,912</b>
Operating costs	47,127
Employee wages and benefits	8,153
Finance cost	20,740
Taxation	892
<b>Economic Value Retained</b>	<b>(13,392)</b>

## LOOKING AHEAD

*As the company move towards the completion of the restructuring of its capital, we will continue to explore complimentary businesses to increase our revenue streams, diversify our dependence on the oil & gas industry and at the same time balancing the need to give back to the community in a prudent and sustainable manner.*



# SUSTAINABILITY REPORT (GRI CONTENT INDEX)

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<b>102-4</b>	Location of operations	Our Business	18
<b>102-5</b>	Ownership and legal form	About this report	17
<b>102-6</b>	Markets served	Our Business	18
<b>102-7</b>	Scale of the organisation	Balance Sheets	62-63
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<b>102-10</b>	Significant changes to the organization and its supply chain	No significant changes	–
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<b>102-18</b>	Governance structure	Sustainability at Pacific Radiance	19
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<b>102-41</b>	Collective bargaining agreements	People	25
<b>102-42</b>	Identifying and selecting stakeholders	Sustainability at Pacific Radiance	19
<b>102-43</b>	Approach to stakeholder engagement	Sustainability at Pacific Radiance	19
<b>102-44</b>	Key topics and concerns raised	Sustainability at Pacific Radiance	19
<b>102-45</b>	Entities included in the consolidated financial statements	Notes to the Financial Statements	96-103
<b>102-46</b>	Defining report content and topic boundaries	About this report	17
<b>102-47</b>	List of material topics	Sustainability at Pacific Radiance	20
<b>102-48</b>	Restatements of information	N/A	–
<b>102-49</b>	Changes in reporting	N/A	–
<b>102-50</b>	Reporting period	Financial year ended 31 December 2020	–

# SUSTAINABILITY REPORT (GRI CONTENT INDEX)

Disclosure Number	Disclosure Requirement	Location	Page No
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102-51	Date of most recent report	15 April 2020	–
102-52	Reporting cycle	About this report	17
102-53	Contact point for questions regarding the report	About this report	17
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards.	–
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<b>GRI Standard: Emission</b>			
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<b>GRI Standard: Effluents and waste</b>			
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306-3	Significant spills	Environment	24
<b>Material topic: Occupational health and safety</b>			
103-1/2/3	Management approach	People	25
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People	27
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<b>Material topic: Environmental compliance</b>			
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<b>Material topic: Economic Performance</b>			
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# **CORPORATE GOVERNANCE REPORT**

Pacific Radiance Ltd. (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance to ensure greater transparency, to protect shareholders' interests and enhance shareholders' value.

The Group adopts practices based on the Code of Corporate Governance 2018 (the "Code") issued on 6 August 2018. This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2020 ("FY2020"), with specific reference made to the principles and provisions as set out in the Code and Mainboard listing manual of Singapore Exchange Securities Trading Limited (the "Listing Manual"), where applicable.

While it is always the objective of the Group to ensure all the provisions in the Code are followed strictly, however, in view of the current lean cost structure and financial position of the Group as well as the ongoing debt and corporate restructuring exercises of the Group which involve interests of existing and incoming shareholders and various other stakeholders, there are situations and reasons where compliance with the provisions may not be feasible or may not be meaningful for the Group at this stage in time. In this regard, where there are areas of the current practices which deviate from the Code, appropriate explanations are provided accordingly.

## **(A) BOARD MATTERS**

### **The Board's Conduct of Its Affairs**

*Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction and work with Management to enhance the long-term value of the Group for its shareholders and other stakeholders.

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and ensures proper accountability within the Group.

The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and performance reviews, key operational initiatives, major funding and investment proposals and corporate governance practices.

In general, the principal duties of the Board include:

- setting and reviewing the Group's strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet these objectives;
- establishing and maintaining a framework for the oversight of adequacy and effectiveness of internal control, risk management, financial reporting, and compliance;
- reviewing the performance of senior management;
- reviewing the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues, e.g., environmental and social factors, as part of the strategic formulation.

Directors are required to promptly disclose any conflict or potential conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

Directors are constantly kept abreast of developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters that are of relevance to the Group through participation in the relevant training courses, seminars, and workshops conducted by Management and professional advisors. The Company is responsible for arranging and funding the training of directors, where required.

# CORPORATE GOVERNANCE REPORT

The Executive Chairman, Acting CEO and senior management executives provide new directors briefings to familiarise them with the Group's business and governance practices to enable them to assimilate into their new roles in the Board. Through the briefing sessions, new directors can get acquainted with the senior management executives, thereby facilitating board interaction and independent access to senior management executives.

During FY2020, Mr Ng Tiong Gee, the Lead Independent Director, attended the Annual Directors' Conference organised by Singapore Institute of Directors ("SID").

In addition to the above, the external and internal auditors of the Group regularly brief the audit committee members at their meetings on developments in accounting and governance standards, cybersecurity matters and changes in code of corporate governance and listing rules. The Acting CEO and senior management executives also update the Board at board meetings on business and strategic developments and the current environment of the offshore marine industry, whenever necessary.

Matters specifically reserved for the Board's approval are key matters such as appointment of directors, appointment of key management personnel, group policies, annual budgets, major acquisitions and disposal of assets not in the ordinary course of business, corporate or financial restructuring exercise, share issuance, declaration or recommendation of dividends, and interested person transactions. Clear directions have been imposed on Management that such matters must be approved by the Board. Apart from the reserved matters as stated above, the Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management to optimise operational efficiency.

While key matters relating to the Group's objectives, strategies and policies require the Board's direction and approval, the management executive committee comprising key management personnel and senior management executives is responsible for overseeing the day-to-day management and business operation of the Group and implementing the Board-approved strategic policies.

The Board has delegated certain functions to various board committees, namely the audit committee ("AC"), nominating committee ("NC"), and remuneration committee ("RC") (collectively, the "Board Committees"). The Board Committees are constituted with clear written terms of reference setting out their compositions, authorities and duties. While the Board Committees have the authority to examine and may approve certain matters, the Board Committees generally report to the Board with their recommendations for the Board's decisions.

Besides the scheduled Board meetings, the Directors and/or Independent Directors also meet on an ad-hoc basis as necessary and as and when warranted by circumstances. Participation by telephone and video conference at Board and Board Committees meetings are allowed under the Constitution of the Company. The Board and Board Committees also make decisions by way of written circularised resolutions.

The Directors' attendance at the Board's, the Board Committees' and general meetings of the Company held in FY2020 is as below:

	<b>Board Meeting(s)</b>	<b>AC Meeting(s)</b>	<b>NC Meeting(s)</b>	<b>RC Meeting(s)</b>	<b>General Meeting(s)</b>
<b>No of meetings held</b>	4	5	1	1	2
<b>Name of Directors/Executive Officers</b>					
Pang Yoke Min	4				2
Pang Wei Meng	4		1		2
Lau Boon Hwee	4				2
Yong Yin Min	4	5	1	1	2
Ng Tiong Gee	4	5	1	1	2
Goh Chong Theng	4	5		1	2

The NC assessed each Director's contribution and devotion of time and attention to the Company's affairs, having regard to his attendance at the directors' meetings, directorship in other listed companies, principle commitments, is of the view that the number of directorships in listed companies and principle commitments are not significant and there were sufficient time and attention to the Company's affairs given by each Director during the course of FY2020.

# CORPORATE GOVERNANCE REPORT

Each Director's listed company board directorships and principal commitments can be found in the Board of Directors Profile section of the Annual Report.

Management recognises the importance of ensuring the flow of information to the Directors on an ongoing basis to enable them to make informed decisions and to discharge their duties and responsibilities. All Board and Board Committees papers are distributed to Directors in advance to allow enough time for Directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

The Board always has separate and independent access to Management through electronic mail, telephone and face-to-face meetings and may request for any additional information needed at any time to enable them to make informed decisions. Key management personnel, the Company's auditors and external consultants are invited to attend Board and Board Committees meetings to update and provide independent professional advice on specific issues, if required.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor, selected by the Group and approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

Directors have separate and independent access to the Company Secretary. The Company Secretary's responsibilities include among other things, assisting in ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with.

The Company Secretary and/or her representative attend and prepare minutes for Board and Board Committees meetings. The Company Secretary assists the Chairman of the Board, the Chairman of the Board Committees and Management in the development of the agendas for their meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

## Board Composition and Guidance

*Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent in conduct, character and judgement, and has any relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

For the purpose of determining each Independent Director's independence, every Independent Director has provided a declaration on their independence for acting as a director of the Company based on the requirements under the Code and deliberated upon by the NC and the Board.

With regard to Provision 2.1 of the Code which also requires that the independence of any director who has served on the Board beyond 9 years from the date of first appointment be subject to particularly rigorous review. The NC has reviewed the independence of Mr Yong Yin Min who has served on the Board beyond 9 years from the date of his appointment on 15 November 2006. The NC is of the view that Mr Yong Yin Min is independent from management and its substantial shareholders. Mr Yong Yin Min does not have any business relationships with the Company. His long association with the Company does not impede his independent judgement for the interest of the Company. Conversely, Mr Yong Yin Min continues to demonstrate that he is able to exercise independent judgement and decisions for the affairs of the Company and provides significant and valuable contribution objectively to the Board as a whole, particularly, under the present difficult financial situation of the Group.

The NC assessed the independence of each of the Directors in FY2020. After having considered the declarations made by Mr Yong Yin Min, Mr Ng Tiong Gee and Mr Goh Chong Theng and considering the criteria of independence set out under the Code, determined that the named Directors are independent.

# CORPORATE GOVERNANCE REPORT

With regard to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022 and requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer, the NC and the Board have recommended that Mr Yong Yin Min's eligibility to continue as an independent director be subjected to shareholders' approval via two-tier voting at the forthcoming AGM of the Company.

The NC and the Board are aware that the current composition of the Board which comprises 3 Executive Directors and 3 Independent Directors does not meet the requirement of the following provisions under Principle 2 of the Code:–

*Provision 2.2 – Independent directors make up a majority of the Board where the Chairman is not independent.*

*Provision 2.3 – Non-executive directors make up a majority of the Board.*

The market conditions of the oil and gas industry remain challenging. Given the circumstances and the ongoing efforts to maintain a lean cost structure, the NC and the Board are of the view that it would be more appropriate to consider the reconstitution of board or appointment of additional independent directors at a later stage.

In the meantime, the Group will continue to tap on the expertise and experience of the present Board to guide it through its ongoing debt and corporate restructuring exercises. The Group is of the view that the present Board provides diversity in terms of experience and expertise of each Directors and there is appropriate level of independence with three Independent Directors making up half of the Board.

Notwithstanding the above, the Group is aware of the requirements and will take steps to ensure these two provisions will be duly complied with as soon as is practicable.

The Group recognises that board diversity is an essential element contributing to its sustainable development and strategic success. The Group believes that board diversity augments decision-making and a diverse board is more effective in dealing with organisational changes and less likely to suffer from groupthink.

The Group has in place a Board Diversity Policy, which endorses the principle that its Board should have a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group's business to promote the inclusion of different perspectives and ideas.

The NC reviewed the composition of the Board and the Board Committees during the course of FY2020 and is of the view the current Board and Board Committees are of an appropriate size and comprise directors with appropriate balance and mix of skills, knowledge, experience and age except for gender.

Accordingly, one of the objectives of the NC is to identify and recommend suitable female director, preferably with different skills and knowledge from the current Directors, for appointment to the Board to further broaden its current skill sets and promote gender diversity, at the appropriate time.

The Independent Directors, led by Mr Ng Tiong Gee, the Lead Independent Director of the Company, met regularly outside the Company without the presence of Management on an informal basis during the course of FY2020, to discuss the ongoing debt and corporate restructuring exercise and other matters which require their additional attention. The Lead Independent Director provides feedback to the Chairman of the Board as deemed appropriate.

## Chairman and Chief Executive Officer

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The Board is chaired by Mr Pang Yoke Min, Executive Chairman of the Company while Mr Pang Wei Kuan, James was appointed as Acting CEO of the Company with effect from 1 January 2020.

Mr Pang Wei Kuan, James is the son of the Mr Pang Yoke Min, the Executive Chairman and substantial shareholder of the Company. Despite being related, there is a clear division of responsibilities between the Chairman and the Acting CEO. The division of responsibilities between the leadership of the Board and Management ensures that no one individual has unfettered powers of decision-making at both the board and management level.

# **CORPORATE GOVERNANCE REPORT**

The Executive Chairman is responsible for:

- leading the Board to ensure its effectiveness;
- managing the Board's business, including supervising the work of the Board Committees;
- setting the Board agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- setting the tone of Board discussion to promote open and frank debate and effective decision-making;
- facilitating the effective contribution of Non-Executive Directors;
- ensuring effective communication with shareholders; and
- encouraging constructive relations with the Board and between the Board and Management.

The Acting CEO is responsible for:

- developing the Group's business and operation strategies;
- managing the present businesses of the Group;
- implementing the Board's decisions;
- provide oversight of the commercial, marketing, business development and quality, health, safety, security and environmental functions; and
- managing and overseeing the ongoing debt and corporate restructuring exercise of the Group.

Given that the Chairman is non-independent, the Board has appointed Mr Ng Tiong Gee as the Lead Independent Director of the Company. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

## **Board Membership**

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The NC comprises the following three members, two of whom are Independent Directors:

- Ng Tiong Gee (NC Chairman), Lead Independent Director
- Yong Yin Min, Independent Director
- Pang Wei Meng, Executive Director

The NC is responsible for:

- nomination and re-nomination of the directors of the Company having regard to their contribution, performance, and ability to commit sufficient time and attention to the affairs of the Group, and taking into account their respective commitments outside the Group;
- determining annually whether or not a director is independent;
- deciding whether or not a director is able to and has been adequately carrying out his/her duties as a director;
- review of board succession plans for directors, and the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;
- development and implementation of a process and criteria for evaluation of the performance of the Board, its committees and directors;
- formal assessment of the effectiveness of the Board as a whole, Board Committees and individual directors;
- review of training and professional development programs for the Board and its directors;
- review and approval of new employment of persons related to the directors and controlling shareholders and the proposed terms of their employment; and
- appointment and re-appointment of directors (including alternate directors, if any).

The Company has no alternate director on its Board.

# **CORPORATE GOVERNANCE REPORT**

The NC has put in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors.

The NC leads the process as follows:

- the NC evaluates the balance, skills, knowledge, and experience of the existing Board and the requirements of the Group. Considering such evaluation, the NC determines the role and the key attributes that an incoming director should have.
- after endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts for recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies will be appointed to continue the search process.
- the NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- the NC recommends the most suitable candidate to the Board for appointment as director.

The NC is responsible for re-election of directors. In its deliberations on the re-election of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance record and preparedness at meetings of the Board and Board Committees as well as the quality of input to matters arising and any other special contribution.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Regulation 89 of the Company's Constitution provides that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one third) with a minimum one, shall retire from office by rotation and be subject to re-election at the Company's annual general meeting ("AGM").

In addition, Regulation 88 of the Company's Constitution provides that a newly appointed director during the financial year must retire and submit himself/herself for re-election at the next AGM following his election. Thereafter, he is subject to re-election at least once every three years.

Pursuant to Regulation 89 of the Company's Constitution, Mr Pang Yoke Min and Mr Pang Wei Meng will retire as a Director of the Company at the forthcoming AGM. The retiring Directors, being eligible, have offered themselves for re-election as a Director of the Company. The Board is satisfied that the retiring Directors are qualified for re-election by virtue of their skills, experience and their contribution of guidance and time to the Board. Each of the retiring Directors have abstained from deciding on their own nomination.

Pursuant to Rule 720(6) of the Listing Manual, the information relating to Directors submitting for re-election as set out in Appendix 7.4.1 of the Listing Manual is disclosed below:

<b>Name of Director</b>	<b>Pang Yoke Min</b>	<b>Pang Wei Meng</b>
Date of Appointment	15 November 2006	15 November 2006
Date of last re-appointment	16 July 2018	26 April 2019
Age	71	41
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Pang Yoke Min for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Pang Yoke Min possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Pang Wei Meng for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Pang Wei Meng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

# CORPORATE GOVERNANCE REPORT

Whether appointment is executive, and if so, the area of responsibility	Executive  Responsible for overall strategic direction and growth of the Group.	Executive  Responsible for the operations of the Group's Offshore Support Services and Subsea Business Divisions.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director  Acting Chief Commercial Officer
Professional qualifications	<ul style="list-style-type: none"> <li>• Diploma in Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Bachelor of Commerce in Finance and Accounting</li> <li>• Diploma in Mechanical Engineering</li> </ul>
Working experience and occupation(s) during the past 10 years	<p><b>2013 – Present</b> Executive Chairman, Pacific Radiance Ltd.</p> <p><b>2012 – 2013</b> Principal Adviser, Pacific Radiance Ltd.</p> <p><b>2007 – 2011</b> Non-Executive Director, Pacific Radiance Ltd.</p>	<p><b>2020 – Present</b> Acting Chief Commercial Officer, Pacific Radiance Ltd.</p> <p><b>2006 – Present</b> Executive Director, Pacific Radiance Ltd.</p> <p><b>2013 – 2019</b> Managing Director, Subsea &amp; Project Logistics Division, Pacific Radiance Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	485,612,444 ordinary shares	55,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>Yes.</p> <p>Father of Mr Pang Wei Meng, Executive Director and Acting Chief Commercial Officer of the Company.</p> <p>Father of Mr Pang Wei Kuan James, Acting Chief Executive Officer of the Company.</p>	<p>Yes.</p> <p>Son of Mr Pang Yoke Min, Executive Chairman and substantial shareholder of the Company.</p>
Conflict of interest (including any competing business)	No	No
<p><b>Other Principal Commitments including Directorships</b></p> <p><b>Past (for the last 5 years)</b></p>	<ul style="list-style-type: none"> <li>• Duta Radiance Maritim Sdn. Bhd. (Struck off)</li> <li>• Duta Pacific Offshore Sdn. Bhd.</li> <li>• Pacific Healthcare Holdings Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• CA Offshore Investment Inc. (Liquidated)</li> <li>• CPC PNG Limited (Liquidated)</li> <li>• Duta Radiance Maritim Sdn. Bhd. (Struck off)</li> <li>• Duta Pacific Offshore Sdn. Bhd.</li> <li>• Prime Offshore International Pte. Ltd. (Liquidated)</li> <li>• SDM Marine Pte. Ltd. (Liquidated)</li> <li>• Radiance Catico Offshore Pte Ltd. (Liquidated)</li> <li>• Titan Offshore Equipment Pte Ltd.</li> <li>• Westsea Radiance Pte Ltd.</li> </ul>

# **CORPORATE GOVERNANCE REPORT**

<p><b>Present</b></p>	<ul style="list-style-type: none"> <li>• Alam Radiance (L) Inc</li> <li>• Alam Radiance (M) Sdn. Bhd.</li> <li>• Pacific Radiance Ltd.</li> <li>• PT Logindo Samudramakmur Tbk.</li> <li>• GYP Properties Ltd.</li> <li>• Radiance Investment Pte. Ltd.</li> <li>• Radiance Physiofit Pte. Ltd.</li> <li>• YM InvestCo Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Al Hail Marine Services LLC</li> <li>• Alam Radiance (L) Inc.</li> <li>• Alam Radiance (M) Sdn. Bhd.</li> <li>• Allianz Radiance Pte. Ltd.</li> <li>• Alstonia Offshore Pte. Ltd.</li> <li>• AR Offshore Pte. Ltd.</li> <li>• Aztec Offshore Holdings Pte. Ltd.</li> <li>• Berjaya Offshore (Labuan) Ltd.</li> <li>• CEIBA Maritima, SAPI de CV, SOFOM ENR.</li> <li>• Consolidated Pipe Carriers Pte. Ltd.</li> <li>• Continental Radiance Offshore Pvt. Ltd.</li> <li>• CR Offshore SAPI de CV</li> <li>• Crest Offshore Marine Pte. Ltd.</li> <li>• Crest Shipyard Pte. Ltd.</li> <li>• Crest Siam Pte. Ltd.</li> <li>• Crest Subsea International Pte. Ltd.</li> <li>• CrestSA Marine &amp; Offshore Pte. Ltd.</li> <li>• CSI Offshore Pte. Ltd.</li> <li>• DOT Radiance Pte. Ltd. (in members' voluntary liquidation)</li> <li>• Duta Maritime Ventures Pte. Ltd.</li> <li>• Envestra Investments Ltd.</li> <li>• Firstmac Investments Ltd.</li> <li>• Hudson Marine Pte. Ltd.</li> <li>• Navigatis Radiance Pte. Ltd.</li> <li>• Offshore Subsea Services (Asia Pacific) Pte. Ltd.</li> <li>• Pacific Allianz Holdings Pte. Ltd.</li> <li>• Pacific Crest Pte. Ltd.</li> <li>• Pacific Offshore Marine Pte. Ltd.</li> <li>• Pacific Offshore Pte. Ltd.</li> <li>• Pacific Radiance Ltd.</li> <li>• PT Cahaya Offshore Indonesia</li> <li>• PT Jawa Tirtamarin</li> <li>• PT Marine Engineering Services (in member voluntary liquidation)</li> <li>• PT Subsea Offshore (in member voluntary liquidation)</li> <li>• Radiance Offshore Holdings Pte. Ltd.</li> <li>• Radiance ZJ Pte. Ltd.</li> <li>• Strato Maritime Services Pte. Ltd.</li> <li>• YM InvestCo Pte. Ltd.</li> </ul>
<p>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</p>	<p>Yes</p>	<p>Yes</p>



# **CORPORATE GOVERNANCE REPORT**

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.**

<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	<p>No</p>	<p>No</p>
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	<p>No</p>	<p>Yes</p> <p>Winding up petitions were filed against CSI Offshore Pte. Ltd. and Pacific Crest Pte. Ltd. on 14 May 2018. Petitions have been stayed following the filing for applications of moratorium to the Singapore High Court under section 211B(1) of the Companies Act, in context of the debt restructuring of the Group. Please refer to announcement dated 16 May 2018 released via SGXNet for details and subsequent updates on material developments in relation to the winding up petitions.</p>
<p>(c) Whether there is any unsatisfied judgment against him?</p>	<p>No</p>	<p>No</p>
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	<p>No</p>	<p>No</p>

# **CORPORATE GOVERNANCE REPORT**

<p>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	<p>No</p>	<p>No</p>
<p>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?)</p>	<p>No</p>	<p>No</p>
<p>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</p>	<p>No</p>	<p>No</p>
<p>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</p>	<p>No</p>	<p>No</p>
<p>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</p>	<p>No</p>	<p>No</p>

# **CORPORATE GOVERNANCE REPORT**

<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p>	<p>No</p>
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# CORPORATE GOVERNANCE REPORT

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only.</b>		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	N/A	N/A

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist ("Checklist") completed, if a director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code. The NC determined that, during FY2020, there was no Director whose relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, affect their independence as an Independent Director of the Company. The Board is in accord with the NC's determination.

In determining whether a director is able to and has been adequately carrying out his/her duties as a Director of the Group, the NC also takes into account the results of the assessment of individual director, and the respective directors' actual conduct on the Board, in making this determination.

## Board Performance

*Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC conducts an annual assessment on the performance of the Board as a whole, the Board Committees and individual directors and considers each Director's contribution and devotion of time and attention given to the Company.

This process is conducted using a questionnaire designed to assess the performance of the Board and the Board Committees. Individual Directors are assessed on self-evaluation basis. The responses received from the questionnaires are then tabulated, collated and then given to the Chairman of the NC for his review and discussion at the NC meeting. The conclusion of the assessment derived from the consolidated results and recommendations are then presented to the Board for its review and adoption, if deem necessary.

# **CORPORATE GOVERNANCE REPORT**

The Board reviews the evaluation conducted by the NC based on the consolidated results received from the Directors and recommendations put forward by the Directors for improvement of performance and effectiveness of the Board, the Board Committees and individual directors. Following the review, the Board is of the view that the Board, the Board Committees and individual Directors performed consistently well and operated effectively for FY2020, particularly in providing feedback and guidance to Management on the debt and corporate restructuring.

The Directors, led by the NC, assessed the performance of the Chairman of the Board for FY2020 at the Board meeting and provided the feedback to the Chairman of the Board.

There was no external consultant involved in the Board evaluation process in FY2020.

The NC performed the following activities in FY2020:

- reviewed the re-election of Directors, and making recommendation to the Board for their approval;
- reviewed the independency of the Independent Directors;
- evaluated the performance and effectiveness of the Board, the Board Committees, Individual Directors and the Chairman;
- reviewed the training and professional development programs for the Directors;
- reviewed the current Board size and composition; and
- reviewed matters relating to Board diversity.

## **(B) REMUNERATION MATTERS**

### **Procedures for Developing Remuneration Policies**

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

The RC comprises the following three members, all of whom are Independent Directors:

- Yong Yin Min (RC Chairman)
- Ng Tiong Gee
- Goh Chong Theng

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No member of the RC is involved in deliberations in respect of any remuneration, compensation, options, or any form of benefits to be granted to him.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel which covers all aspect of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, grant of shares, and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each director as well as for the key management personnel;
- consult professional consultancy firms where necessary in determining remuneration packages;
- consider the various disclosure requirements for directors' remuneration and ensure that there is adequate disclosure in the financial statements and annual report to enhance transparency between the Company and relevant interested parties; and
- review all aspects of remuneration of Executive Directors and key management personnel including the Company's obligations arising in the event of termination of their service contracts, to ensure the contracts contain fair and reasonable termination clauses which are not overly generous.

# CORPORATE GOVERNANCE REPORT

In view of the current financial position of the Group, the Group decided to freeze all salary increments or bonuses for employees across all levels for FY2020 except for exceptional cases which warrant adjustments when benchmarked against the market.

The RC has access to the professional advice of external experts in the area of remuneration, where required.

No remuneration consultants were engaged by the Company in FY2020.

## Level and Mix of Remuneration

*Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Executive Directors are paid a basic salary and a performance-related bonus linked to the performance of the Company. Key management personnel are paid a basic salary and a performance bonus based on their achievement of key performance indicators ("KPI"). In view of the financial situation of the Company, the parameters and targets for KPIs are on achievement of matters relating to effectiveness and efficiency of resources and achievement of milestones in improving the Company's business and financial position with the ultimate objective to turn around the current situation.

The performance-related element of the Executive Directors' and key management personnel's remuneration is designed to align their interests with the interests of shareholders and other stakeholders.

The RC reviews the remuneration of the Non-executive Directors to ensure the remuneration of the non-executive directors of the Company is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The RC ensures that the Independent Directors' compensation are appropriate and at the same time does not compromise their independence. None of the Independent Directors have any service contracts with the Company.

Directors' fees are reviewed and endorsed by the RC.

The Board concurred with the RC's proposal for Independent Directors' fees for FY2020 and are of the view that the Directors' fees is appropriate and not excessive.

The RC takes into consideration the need to ensure that remuneration is appropriate in order to attract, retain and motivate directors to provide good stewardship to the Company and key management personnel to successfully manage the Company for the long-term.

In light of the current financial situation of the Company, the RC decided to continue with Pacific Radiance Performance Share Plan ("PSP") to allow shares that have been awarded to eligible participants in the past to vest.

In this regard, no performance shares have been awarded after 2017, and a total of 771,000 shares awarded in the past to various eligible participants, including the Executive Directors and key management personnel, were vested to the participants in FY2020. As a gesture of appreciation to employees who have stayed with the Company through this difficult time, the following Executive Directors and key management personnel gave up their entitlements to the vested shares and these shares were allotted to the other eligible employees of the Company:

1. Pang Yoke Min
2. Pang Wei Meng
3. Lau Boon Hwee
4. Pang Wei Kuan, James
5. Iris Chia

# CORPORATE GOVERNANCE REPORT

## Disclosure on Remuneration

*Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The remuneration of each individual Director and aggregate of top key management personnel of the Group is not disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in. The RC has reviewed the practice of the industry in this regard and weighed the advantages and disadvantages of such disclosure.

The breakdown of the Directors' and key management personnel's remuneration in bands of S\$250,000 should, in the Board's assessment, provide adequate overview of the remuneration of the Directors and key management personnel.

The remuneration paid to or accrued to each individual Director for FY2020 is as follows:

Name of Director	Fees (%)	Salary <sup>(1)</sup> (%)	Other Benefits <sup>(2)</sup> (%)	Total (%)
<u>S\$250,001 to S\$500,000</u>				
Pang Yoke Min	9.8	68.9	21.3	100
Pang Wei Meng	12.2	67.0	20.8	100
Lau Boon Hwee	10.7	68.3	20.9	100
<u>Below S\$250,000</u>				
Ng Tiong Gee	100	–	–	–
Goh Chong Theng	100	–	–	–
Yong Yin Min	100	–	–	–

The remuneration paid to or accrued to Acting CEO for FY2020 is as follows:

	Fees (%)	Salary <sup>(1)</sup> (%)	Other Benefits <sup>(2)</sup> (%)	Total (%)
<u>S\$250,001 to S\$500,000</u>				
Pang Wei Kuan, James	–	68.6	31.4	100

(1) Salary and bonus include employer's contributions to Central Provident Fund.

(2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership etc. made available to directors as appropriate.

There are only one top key management personnel (who are not directors or the CEO) whom the Company considers to be key executive of the Group. The remuneration paid to or accrued to the top key management personnel (who are not directors or the CEO) for FY2020 is as follows:

	Salary <sup>(1)</sup> (%)	Other Benefits <sup>(2)</sup> (%)	Total (%)
<u>S\$250,001 to S\$500,000</u>			
Iris Chia	73.0	27.0	100

(1) Salary and bonus include employer's contributions to Central Provident Fund.

(2) Other benefits refer to benefits-in-kind such as car, housing allowances, club membership, short-term incentives etc.

There are only two employees who are immediate family members of a director or the CEO or a substantial shareholder of the Company and whose remuneration exceeds S\$100,000 in FY2020:

- Mr Pang Wei Meng, son of Mr Pang Yoke Min, Executive Chairman of the Company, is employed by the Company as Executive Director and has received remuneration in that capacity.
- Mr Pang Wei Kuan, James, son of Mr Pang Yoke Min, Executive Chairman of the Company, and brother of Mr Pang Wei Meng, Executive Director of the Company, is employed by the Company as the Acting CEO and has received remuneration in that capacity.

# **CORPORATE GOVERNANCE REPORT**

For FY2020, save as disclosed in the above table which shows the breakdown of the remuneration (in percentage terms) of Mr Pang Wei Meng and Mr Pang Wei Kuan, James, the Company and its subsidiaries do not have any other employee or an immediate family member of a director or the CEO or a substantial shareholder and whose remuneration exceeds S\$100,000.

The Company has opted to disclose the remuneration of Mr Pang Wei Meng and Mr Pang Wei Kuan, James, in incremental bands of S\$250,000, in line with the disclosure of other Directors and top key management personnel, due to the highly competitive industry condition.

Save for Mr Pang Yoke Min, the Executive Chairman who is a substantial shareholder of the Company, there is no employee who is a substantial shareholder of the Company.

Details of the Pacific Radiance Performance Share Plan can be found on the Directors' Statement.

The RC performed the following activities in FY2020:

- Reviewed the remuneration packages for employees and key-executives and made recommendation to the Board for approval;
- Reviewed the Directors' Fees and made recommendation to the Board for approval; and
- Reviewed the vesting of shares under the Pacific Radiance Performance Shares Plan to the eligible employees of the Group and made recommendation to the Board for approval.

As disclosed under Principles 7 and 8 in this report:–

- a. The remuneration structure and policy of the Group are designed to support the implementation of the Group's strategy and creation of shareholder value. Remuneration of Directors and key management personnel are reviewed and recommended by the RC to the Board on an annual basis, taking into account the strategic and value creation objectives of the Group. The fees for Directors comprise a basic retainer fee, additional fees for appointment to board committees and attendance fees for board meetings.
- b. The RC considers the need to ensure that remuneration is appropriate to attract, retain and motivate Directors to provide good stewardship to the Group, and at the same time does not compromise the independence of the Independent Directors. The RC also considers other factors such as effort, time spent and responsibilities of the Directors. Shareholders' approval is sought yearly at the AGM for the total Directors' fees to be paid in the following financial year with the information of the total Directors' fees is disclosed in the Notice of AGM.
- c. The remuneration of Executive Directors and key management personnel comprises a fixed component and a performance-related component.
- d. The fixed component reflects the market worth of the job and varies with responsibilities, qualifications and experience of the individual, as well as general employment conditions within the industry. The performance related component ensures the alignment of interests between the Executive Directors and key management personnel, with that of the shareholders' and other stakeholder groups by factoring in various performance indicators, such as the performance of the Group and the performance and contribution of the individual towards achieving the objectives of the Group. The fixed component comprises Directors' fees, salary and other benefits. The fixed component of the remuneration of each Executive Director and key management personnel is disclosed in bands of S\$250,000 with breakdown of the fixed component in percentage terms. The actual remuneration of each Executive Director and key management personnel is not disclosed as the RC has considered the practice of the industry and the advantages and disadvantages of such disclosure. The Group believes that such disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.
- e. The performance-related component relates to the performance shares given to selected employees of the Group under its performance share plan approved by the shareholders. Shareholders' approval is sought yearly at the AGM to grant performance share awards under the performance share plan. The vesting of performance shares is conditional upon the achievement of pre-determined performance targets over a performance period.



# CORPORATE GOVERNANCE REPORT

Having accorded due regard to the aforesaid disclosures and remuneration practices adopted by the Company, the Board is of the view that the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

## (C) ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

*Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board is responsible for the governance of risk. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost-effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

Management team, with the assistance of RSM Risk Advisory Pte Ltd ("RSM" or "Internal Auditors") facilitated an enterprise risk assessment update in December 2020 at both the business unit level and the corporate level of the Group to identify the key risks that would impact the achievement of the Group's business objectives and strategies. The Board and the AC also work with the internal auditors, external auditors, and Management on their recommendations to institute and execute relevant controls with a view to managing those risks identified in the assessment.

The Board received assurance from the Acting CEO and the Chief Financial Officer ("CFO") of the Company that the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances.

The Board also received assurance from the Acting CEO and the key management personnel of the Company that the risk management and internal control systems of the Group were adequate and effective for FY2020.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, discussions with external auditors and reviews performed by Management and the assurances provided by the Acting CEO, CFO and key management personnel as stated in the afore paragraph, the Board is of the view that the Group's internal controls (including financial, operational and compliance and information technology controls) and risk management systems were adequate and effective for FY2020.

The AC concurs with the Board's view that the internal controls (including financial, operational and compliance and information technology controls) and risk management systems in place of the Group were adequate and effective as at 31 December 2020.

### Audit Committee

*Principle 10: The Board has an Audit Committee which discharges its duties objectively.*

The AC comprises the following three members, all of whom are Independent Directors:

- Goh Chong Theng (AC Chairman)
- Ng Tiong Gee
- Yong Yin Min

# **CORPORATE GOVERNANCE REPORT**

The Chairman of the AC, Mr Goh Chong Theng, graduated with a Master in Business Administration (Finance and Accounting) from McGill University, Canada. He is currently the corporate finance director of PT Central Cipta Murdaya. Prior to this, he was the head of banking of RGE Pte Ltd and the chief financial officer of TT International Ltd, a company listed on SGX.

The other members of the AC have substantial experience in business management and finance services.

The NC and the Board are satisfied that the members of AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC functions.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The duties of the AC include:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;
- reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, independently investigated and appropriately followed up on.

During review of the financial statements for FY2020, the AC discussed with Management and the external auditor on the significant issues that were brought to the AC's attention. These material issues which the external auditor assessed to be most significant in its audit of the financial statements for the year under review, namely appropriateness of going concern assumption, impairment review of assets, recoverability of receivables, associates, joint ventures and related party transactions and revenue recognition have been highlighted in the key audit matters section of Independent Auditor's Report.

The AC reviewed the work performed by the Management and made enquiries relevant to the key audit matters. In addition, the AC also reviewed and discussed the findings presented and related work performed by the external auditor. The AC was satisfied that these material issues have been properly addressed and appropriately adopted and disclosed in the financial statements.

The AC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. An analysis of fees paid in respect of audit and non-audit services provided by breakdown for FY2020 is disclosed in Note 7 to the financial statements. The AC has reviewed all non-audit services provided by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors.

The Group has complied with Rule 712, Rule 715, and Rule 716 of the Listing Manual in the appointment of its auditors. The AC recommends to the Board the reappointment of Messrs Ernst & Young LLP as the external auditors of the Group at the forthcoming AGM.

There are suitable auditing firms appointed by the Group for its significant foreign-incorporated subsidiaries and associated companies as the foreign auditing firms are member firms of EY Global in the respective countries except for PT Jawa Tirtamarin, which are audited by KAP Johan Malonda Mustika & Rekan, a registered public accountant in Indonesia. Despite having a different auditing firm for PT Jawa Tirtamarin, the AC and the Board are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Group.

# CORPORATE GOVERNANCE REPORT

In the course of FY2020, the AC carried out the following activities:

- reviewed quarterly and full year financial statements (audited and unaudited), and made recommendation to the Board for approval;
- reviewed interested/related parties' transactions;
- reviewed audit plan and assessed the independence of external auditors;
- reviewed internal audit plan and the appointment of internal auditors;
- reviewed the nomination of external auditors for re-appointment at AGM and determined their remuneration, and made appropriate recommendations to the Board for approval; and
- met with the internal and external auditors of the Company without the presence of Management.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operations reviews and related explanations together with the financial statements on a quarterly basis and as the Board may require from time to time. The AC reviews the financial statements and reports to the Board for approval.

The Board reviews and approves the results before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters and full financial year are released to shareholders within the timeframe in line with Rule 705 of the Listing Manual. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects.

The AC is kept abreast by Management, Company Secretaries and the independent auditor of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The Company has adopted a Whistle Blowing Policy since 2014 which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment. The Whistle-Blowing Policy provides procedures to validate concerns and for investigation to be carried out independently. The employees of the Group are aware of the existence of the Whistle-Blowing Policy as it had been incorporated in the employee's handbook. A copy of the Group's Whistle-Blowing Policy is also available on the corporate website of the Company.

The Board recognises the importance of maintaining a system of internal controls. The Company has outsourced its internal audit functions to independent internal auditors, RSM for FY2020.

The internal audit function is expected to meet the standard set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the Board, the AC and Management, where necessary, and has the right to seek information and explanation.

The appointed Internal Auditors reports directly to the AC and is responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls that are in place to protect the funds and assets of the Group, ensuring control procedures are complied with, assessing if the operations of the business processes under review are conducted efficiently and effectively, and identifying and recommending improvements to internal control procedures, where required.

The Internal Auditors plan its internal audit schedules in consultation with, but independent of, Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the Internal Auditors, including overseeing and monitoring of the implementation of improvements required for internal control weaknesses identified.

For the year under review, the AC has reviewed and is satisfied with the adequacy, independence and effectiveness of the internal audit function.

The AC has met with the external auditors, and the internal auditors, without the presence of Management, once in FY2020.

# CORPORATE GOVERNANCE REPORT

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate and timely information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

In view of the COVID-19 pandemic, the last AGM and extraordinary general meeting ("EGM") of the Company on 25 June 2020 were held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order 2020"). Alternative arrangements relating to attendance at the general meetings (including arrangements by which the general meetings can be electronically accessed via live audio-visual webcast or live audio-only feed), submission of questions to the Chairman of the meetings in advance of the meetings, addressing of substantial and relevant questions prior to or at the meetings and voting by appointing the Chairman of the meetings as proxy at the meetings, are set out in the Notice of meetings.

The next AGM of the Company will be held at 15 Pandan Road, Singapore 609263 pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and by way of electronic means pursuant to the Order 2020 in April 2021.

The Group strongly encourages shareholder participation during the AGM which will normally be held at its office premise in Singapore prior to the Order 2020. Shareholders can proactively engage the Board and Management on the Group's business activities, financial performance, and other business-related matters.

The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars to all shareholders. The notices are also released via SGXNet and published in local newspapers, as well as posted on the Company's website.

At the AGM, a member who is a relevant intermediary which provide nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meeting, so investors who hold shares through such intermediary can attend and participate in general meeting as proxies.

The Company conducts poll voting for all proposed resolutions at AGM for greater transparency in the voting process. The total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNet.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked to form one significant proposal.

All the resolutions at the general meetings are single item resolutions.

The Chairman of the Board and the Directors attend all general meetings to address questions and issues raised by shareholders. The external auditors are also present to address any relevant queries from shareholders on the conduct of audit and the preparation and content of the auditors' report. Key management executives are also present at the general meetings to respond to operational questions from shareholders.

# CORPORATE GOVERNANCE REPORT

All Directors attended the AGM and EGM of the Company held on 25 June 2020.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Minutes of general meetings of the Company held in 2020 have been published by the Company on the SGX website and on its corporate website within one month after the general meetings.

The Company does not have a fixed dividend policy in place. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders.

## Engagement with Shareholders

*Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNet, press release, and corporate website. If unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

The Group's corporate website is the key resource of information for shareholders. In addition to the quarterly financial announcements, it contains investor related information on the Group, including presentations, annual reports, shares and dividend information and factsheets.

The Group participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. Such engagements provide invaluable insights to the Board and Management on investors' views and help the Group to identify areas of improvement for investor communication.

The Company has established an investor relations policy that governs regular, effective and fair communication with shareholders. A copy of the Company's investor relations policy is available on the corporate website of the Company.

The investor relations policy sets out mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions i.e. emailing questions to the investor relations team.

## (E) MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

*Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for its key stakeholders, which include employees, lenders, investors, clients and regulators.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period can be found under the Sustainability Report section of the Annual Report.

# ***CORPORATE GOVERNANCE REPORT***

The Company maintains a current corporate website at <https://www.pacificradiance.com/>. An email alert function is available to members of public who wish to receive updates on the Company's corporate information and SGXNet announcements.

The contact details of the investor relations teams are also available on the Company's corporate website, to enable the stakeholders to contact the Company, if required.

## **(F) OTHER CORPORATE GOVERNANCE MATTERS**

### **Interested Person Transactions**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There are no interested person transactions entered into by the Group during the course of FY2020.

### **Material Contracts**

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders subsisting as at 31 December 2020.

### **Dealing in Securities**

The Company has adopted an internal code on dealings in securities. Directors and employees are not allowed to deal in the Company's shares during the periods commencing two weeks before announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the employees of the Company are advised not to deal in the Company's securities on short term considerations and are expected to always observe the insider trading rules, even when dealing in the Company's securities within the permitted trading periods.

# ***DIRECTORS'*** ***STATEMENT***

The directors present their statement to the members together with the audited consolidated financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

## **1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, based on the factors as described in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to complete its restructuring exercise and pay its debts as and when they fall due.

## **2. DIRECTORS**

The directors of the Company in office at the date of this statement are:

Pang Yoke Min  
Pang Wei Meng  
Lau Boon Hwee  
Yong Yin Min  
Ng Tiong Gee  
Goh Chong Theng

## **3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Except as described in Paragraph 5 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

# ***DIRECTORS'*** ***STATEMENT***

## **4. Directors' interests in shares and debentures**

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and performance shares of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

<b>Name of director</b>	<b>Direct interest</b>		<b>Deemed interest</b>	
	<b>At the beginning of financial year</b>	<b>At the end of financial year</b>	<b>At the beginning of financial year</b>	<b>At the end of financial year</b>
<b><i>Ordinary shares of the Company</i></b>				
Pang Yoke Min	20,142,444	20,142,444	465,470,000	465,470,000
Pang Wei Meng	55,000	55,000	–	–
Lau Boon Hwee	1,624,970	1,624,970	–	–
Yong Yin Min	27,713,000	27,713,000	–	–
Ng Tiong Gee	25,000	25,000	–	–
Goh Chong Theng	240,000	240,000	–	–
<b><i>Performance share plan of the Company</i></b>				
Pang Yoke Min	74,000	–	–	–
Lau Boon Hwee	48,000	–	–	–
Pang Wei Meng	48,000	–	–	–
<b><i>Ordinary shares of the holding company</i></b>				
<b><i>YM Investco Pte Ltd</i></b>				
Pang Yoke Min	20,000	20,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.



# DIRECTORS' STATEMENT

## 5. PERFORMANCE SHARE PLAN

The Pacific Radiance Performance Share Plan ("Performance Share Plan") was approved by the shareholders on 28 October 2013 prior to the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 13 November 2013. The Board has appointed the Remuneration Committee (the "RC") comprising Mr Yong Yin Min, Mr Ng Tiong Gee and Mr Goh Chong Theng to administer the Performance Share Plan. No member of the RC shall participate in any deliberation or decision in respect of awards granted or to be granted to him or his associates.

The Company has granted 2,029,000 share awards in financial year 2017 ("Grant 2"), under the Performance Share Plan. During the financial year, 771,000 (2019: 931,000) treasury shares were reissued upon the vesting of the third and final tranche of share awards granted pursuant to Grant 2. Further details regarding the Performance Share Plan are disclosed in Note 30.

Details of the share awards granted to directors, controlling shareholder and employees of the Company pursuant to the Performance Share Plan are as follows:

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of plan to end of financial year	Aggregate awards vested since commencement of plan to end of financial year	Aggregate awards outstanding as at end of financial year
<b>Controlling shareholder</b>				
Pang Yoke Min	–	436,000	(218,000)	–
<b>Directors</b>				
Pang Wei Meng	–	284,000	(142,000)	–
Lau Boon Hwee	–	284,000	(158,000)	–
<b>Associate of controlling shareholder other than directors</b>				
Pang Wei Kuan, James	–	284,000	(142,000)	–

Since the commencement of the Performance Share Plan till the end of the financial year:

- No awards that entitle the holder to participate, by virtue of the awards, in any share issue of any other corporation have been granted.
- No participants have been granted awards which represent 5% or more of the total share awards available under the Performance Share Plan.
- No awards have been granted at a discount.

# ***DIRECTORS'*** ***STATEMENT***

## **6. AUDIT COMMITTEE**

The Audit Committee (the "AC") has carried out its functions in accordance with section 201B (5) of the Act, including the following:

- reviewed with the external auditor the audit plan, their audit result and report, their management letter and the management's response;
- reviewed with the internal auditor the internal audit plan and their evaluation of the adequacy of the internal controls and accounting system;
- monitored and reviewed the implementation of the external auditor's and internal auditor's recommendations concurred with management in relation to the adequacy of the internal controls and accounting system addressing financial, operational and compliance risks;
- reviewed the quarterly and annual financial statements of the Group and the Company before submission to the Board for approval;
- considered the appointment or re-appointment of the external auditor and matters relating to resignation or dismissal of the auditor and approved the compensation of the external auditor;
- reviewed interested person transactions in accordance with the requirements of the Listing Manual of SGX-ST; and
- reviewed any potential conflict of interest as and when the need arises and resolve such conflict of interest.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC has recommended to the board of directors that the independent auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Corporate Governance Report.

## **7. AUDITOR**

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,

**PANG YOKE MIN**  
Director

**PANG WEI MENG**  
Director

7 April 2021

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Disclaimer of Opinion

We were engaged to audit the financial statements of Pacific Radiance Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

#### Carrying amount of bank loans, associated accrued interest payables ("bank loan liabilities") and finance costs

As disclosed in Note 3, the Group did not receive continuing updates from bank lenders regarding the computation of interest expenses post suspension of certain debt obligations and has had to make various assumptions in determining the finance costs, carrying amounts of accrued interest payables and bank loans to be recorded in the financial statements. The combined effect of these assumptions may have a material impact on the carrying amount of the bank loan liabilities as at 31 December 2020.

We did not receive independent bank confirmations from some of the banks and were not able to obtain sufficient information to verify the reconciling differences against the confirmation reply from one bank. The Group has concluded that the carrying amount of the bank loan liabilities remain reasonable and appropriate based on the contractual terms of the loan facilities. However, we were unable to obtain sufficient appropriate audit evidence to determine whether the bank loan liabilities and the associated accrued interest payables are appropriately stated as at 31 December 2020. Consequently, we are also unable to determine whether any adjustment is required to the finance costs recorded in profit or loss for the year ended 31 December 2020.

#### Use of the going concern assumption

As disclosed in Note 2, the Group's current liabilities exceeded its current assets by US\$544,241,000 and its total liabilities exceeded its total assets by US\$301,921,000 as at 31 December 2020. For the financial year ended 31 December 2020, the Group generated a net loss of US\$58,442,000, which included impairment charges on property, plant and equipment, doubtful trade receivables and amount due from related companies amounting to US\$43,126,000. Additionally, the Company's current and total liabilities exceeded its current and total assets by US\$173,303,000 as at 31 December 2020.

As further disclosed in Note 2, 10 and 24 to the financial statements, the Group had assets with a carrying value of US\$189,098,000 as at 31 December 2020 that have been mortgaged to the banks to secure the Group's bank loans. In 2017, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing. In 2018, a vendor had filed winding up applications with the High Court of the Republic of Singapore (the "Court") against certain entities of the Group in relation to statutory demands for payment for services. The Court has granted the Company and certain entities of the Group moratoria which have been extended to 30 April 2021.

As disclosed more fully in Note 2, the major secured creditors of the Group have entered into a letter of agreement (the "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"). The Company is 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.

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2020

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Basis for Disclaimer of Opinion (Cont'd)

#### Use of the going concern assumption (cont'd)

In addition, the Company had commenced a consent solicitation exercise to seek approval from the noteholders for the proposed restructuring of the notes payable. As disclosed in Note 25, no quorum was present and the meeting was adjourned and will be reconvened on 16 April 2021. The redemption of the notes payable will be subject to shareholders' approval.

The Group is also working in parallel to restructure its remaining liabilities through bi-lateral agreements and a scheme of arrangement to be proposed between the relevant entities of the Group and their respective creditors under Section 210(1) of the Companies Act (the "Scheme"). Due diligence on the Group by the Third Financier is progressing and the definitive agreements are being negotiated between the relevant parties. The Group is working closely with all stakeholders to ensure that the restructuring can be completed in an expedient manner.

These factors give rise to material uncertainties on the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company.

The financial statements have been prepared using the going concern assumption as the Directors are of the view that the Group and the Company will be able to successfully complete the restructuring exercise as discussed in Note 2. However, we are unable to obtain sufficient appropriate evidence to conclude whether the use of the going concern assumption to prepare these financial statements is appropriate as the outcome of the restructuring exercise has yet to be concluded satisfactorily as at the date of these financial statements and is inherently uncertain.

If the going concern assumption is not appropriate and the financial statements were presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to these financial statements.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the Singapore Financial Reporting Standards in Singapore (International) ("SFRS(I)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# **INDEPENDENT AUDITOR'S REPORT**

For the financial year ended 31 December 2020

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)**

### **Responsibilities of Auditor for the Audit of the Financial Statements**

Our responsibility is to conduct the audit of the Group and Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis of Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, in view of the significance of the matter referred to in the Basis of Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Yew Kiang.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

7 April 2021

# **CONSOLIDATED INCOME STATEMENT**

For the financial year ended 31 December 2020

	<b>Note</b>	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
<b>Revenue</b>			
Cost of sales	4	<b>63,520</b> <b>(56,233)</b>	74,758 <b>(59,575)</b>
<b>Gross profit</b>		<b>7,287</b>	15,183
Other operating income	5	<b>16,535</b>	17,147
General and administrative expenses		<b>(14,584)</b>	(17,474)
Other operating expenses		<b>(46,616)</b>	(71,541)
Finance costs	6	<b>(20,740)</b>	(25,840)
Share of results of joint ventures		<b>568</b>	219
Share of results of associates		<b>–</b>	–
<b>Loss before taxation</b>	7	<b>(57,550)</b>	(82,306)
Taxation	8	<b>(892)</b>	(1,054)
<b>Loss for the year</b>		<b>(58,442)</b>	(83,360)
<b>Loss for the year attributable to:</b>			
Equity holders of the Company		<b>(58,645)</b>	(84,691)
Non-controlling interests		<b>203</b>	1,331
		<b>(58,442)</b>	(83,360)
<b>Loss per share attributable to equity holders of the Company (US cents per share)</b>			
Basic	9	<b>(8.2)</b>	(11.9)
Diluted	9	<b>(8.2)</b>	(11.9)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2020

	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
<b>Loss for the year</b>	<b>(58,442)</b>	<b>(83,360)</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
– Foreign currency translation	<b>(961)</b>	<b>(705)</b>
– Reclassification to profit or loss upon disposal of subsidiary	<b>(75)</b>	<b>–</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,036)</b>	<b>(705)</b>
<b>Total comprehensive income for the year</b>	<b>(59,478)</b>	<b>(84,065)</b>
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Company	<b>(59,681)</b>	<b>(85,396)</b>
Non-controlling interests	<b>203</b>	<b>1,331</b>
	<b>(59,478)</b>	<b>(84,065)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# BALANCE SHEETS

As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	209,299	243,471	–	–
Investment in subsidiaries	11	–	–	–	5
Investment in associates	12	–	–	–	–
Investment in joint ventures	13	–	3,012	–	–
Investment securities	18	–	50	–	–
Club memberships		140	148	–	–
Amounts due from related companies	14	55,405	51,435	–	–
Other receivables	17	–	241	–	–
		<b>264,844</b>	<b>298,357</b>	<b>–</b>	<b>5</b>
<b>Current assets</b>					
Inventories	15	738	798	–	–
Trade receivables	16	18,747	28,931	–	–
Other receivables	17	6,245	7,345	2,755	3,402
Amounts due from related companies	14	18,405	34,346	149,323	137,682
Investment securities	18	8	43	–	–
Assets held for sale	10	1,225	–	–	–
Cash and bank balances	19	19,076	18,013	138	103
		<b>64,444</b>	<b>89,476</b>	<b>152,216</b>	<b>141,187</b>
<b>Total assets</b>		<b>329,288</b>	<b>387,833</b>	<b>152,216</b>	<b>141,192</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	20	12,642	17,182	–	–
Other liabilities	21	113,157	95,281	13,041	11,419
Amounts due to related companies	23	7,679	7,518	236,818	218,580
Bank loans	24	397,094	409,971	–	–
Notes payable	25	75,660	74,310	75,660	74,310
Provision for taxation		1,222	1,365	–	–
Lease liabilities	26	1,231	1,307	–	–
		<b>608,685</b>	<b>606,934</b>	<b>325,519</b>	<b>304,309</b>
<b>Net current liabilities</b>		<b>(544,241)</b>	<b>(517,458)</b>	<b>(173,303)</b>	<b>(163,122)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# BALANCE SHEETS

As at 31 December 2020

	Note	Group		Company	
		2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Non-current liabilities</b>					
Other liabilities	21	11,717	11,717	–	–
Provisions	22	251	244	–	–
Deferred tax liabilities	27	2,713	3,106	–	–
Lease liabilities	26	7,843	8,282	–	–
		<b>22,524</b>	23,349	–	–
<b>Total liabilities</b>		<b>631,209</b>	630,283	<b>325,519</b>	304,309
<b>Net liabilities</b>		<b>(301,921)</b>	(242,450)	<b>(173,303)</b>	(163,117)
<b>Equity attributable to equity holders of the Company</b>					
Share capital	28(a)	162,854	162,854	162,854	162,854
Treasury shares	28(b)	(2,135)	(2,290)	(2,135)	(2,290)
Accumulated losses		(441,744)	(383,099)	(333,959)	(323,766)
Other reserves	29	(9,152)	(7,968)	(63)	85
		<b>(290,177)</b>	(230,503)	<b>(173,303)</b>	(163,117)
Non-controlling interests		<b>(11,744)</b>	(11,947)	–	–
<b>Total equity</b>		<b>(301,921)</b>	(242,450)	<b>(173,303)</b>	(163,117)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Attributable to equity holders of the Company													
Group	Note	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total other reserves US\$'000	Foreign currency translation reserve US\$'000	Employee share-based payments reserve US\$'000	Hedging reserve US\$'000	Defined benefit plan US\$'000	Capital reserve US\$'000	Non-controlling interests		Total equity US\$'000
											Total	US\$'000	
Balance at 1 January 2020		162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)
Loss for the year		-	-	(58,645)	-	-	-	-	-	-	(58,645)	203	(58,442)
<u>Other comprehensive income</u>													
- Foreign exchange translation	29(a)	-	-	-	(961)	(961)	-	-	-	-	(961)	-	(961)
- Reclassification to profit or loss upon disposal of subsidiary	29(a)	-	-	-	(75)	(75)	-	-	-	-	(75)	-	(75)
Total comprehensive income for the year		-	-	(58,645)	(1,036)	(1,036)	-	-	-	-	(59,681)	203	(59,478)
<u>Contributions by and distributions to equity holders</u>													
- Grant of equity-settled share performance awards to employees	30	-	-	-	7	-	7	-	-	-	7	-	7
- Treasury shares reissued pursuant to employee share award plan		-	155	-	(155)	-	(65)	-	-	(90)	-	-	-
Total contributions by and distributions to equity holders		-	155	-	(148)	-	(58)	-	-	(90)	7	-	7
Balance at 31 December 2020		162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Attributable to equity holders of the Company													
Group	Note	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total other reserves US\$'000	Foreign currency translation reserve US\$'000	Employee share-based payments reserve US\$'000	Hedging reserve US\$'000	Defined benefit plan US\$'000	Capital reserve US\$'000	Non-controlling interests		Total equity US\$'000
											Total	US\$'000	
Balance at 1 January 2019		162,854	(2,485)	(298,408)	(3,763)	(1,008)	213	114	127	(3,209)	(141,802)	(16,680)	(158,482)
Loss for the year		-	-	(84,691)	-	-	-	-	-	-	(84,691)	1,331	(83,360)
<u>Other comprehensive income</u>													
– Foreign exchange translation 29(a)		-	-	-	(704)	(704)	-	-	-	-	(704)	(1)	(705)
– Re-measurement of defined benefit plans		-	-	-	(1)	-	-	-	(1)	-	(1)	1	-
Total comprehensive income for the year		-	-	(84,691)	(705)	(704)	-	-	(1)	-	(85,396)	1,331	(84,065)
<u>Contributions by and distributions to equity holders</u>													
– Grant of equity-settled share performance awards to employees	30	-	-	-	97	-	97	-	-	-	97	-	97
– Treasury shares reissued pursuant to employee share award plan		-	195	-	(195)	-	(82)	-	-	(113)	-	-	-
Total contributions by and distributions to equity holders		-	195	-	(98)	-	15	-	-	(113)	97	-	97
<u>Changes in ownership interests in subsidiaries</u>													
– Acquisition of non-controlling interests without change of control		-	-	-	(3,402)	-	-	-	-	(3,402)	(3,402)	3,402	-
Total changes in ownership interests in subsidiaries		-	-	-	(3,402)	-	-	-	-	(3,402)	(3,402)	3,402	-
Balance at 31 December 2019		162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

<b>Company</b>	<b>Note</b>	<b>Share capital US\$'000</b>	<b>Treasury Shares US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total other reserves US\$'000</b>	<b>Employee share-based payments reserve US\$'000</b>	<b>Capital reserve US\$'000</b>	<b>Total equity US\$'000</b>
Balance at 1 January 2020		162,854	(2,290)	(323,766)	85	228	(143)	(163,117)
Loss for the year		–	–	(10,193)	–	–	–	(10,193)
Total comprehensive income for the year		–	–	(10,193)	–	–	–	(10,193)
<u>Contributions by and distributions to equity holders</u>								
– Grant of equity-settled performance share awards to employees		–	–	–	7	7	–	7
– Treasury shares reissued pursuant to employee share award plan		–	155	–	(155)	(65)	(90)	–
Total contributions by and distributions to equity holders		–	155	–	(148)	(58)	(90)	7
Balance as at 31 December 2020		162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Company	Note	Share capital US\$'000	Treasury Shares US\$'000	Accumulated losses US\$'000	Total other reserves US\$'000	Employee share-based payments reserve US\$'000	Capital reserve US\$'000	Total equity US\$'000
Balance at 1 January 2019		162,854	(2,485)	(305,761)	183	213	(30)	(145,209)
Loss for the year		-	-	(18,005)	-	-	-	(18,005)
Total comprehensive income for the year		-	-	(18,005)	-	-	-	(18,005)
<u>Contributions by and distributions to equity holders</u>								
– Grant of equity-settled performance share awards to employees		-	-	-	97	97	-	97
– Treasury shares reissued pursuant to employee share award plan		-	195	-	(195)	(82)	(113)	-
Total contributions by and distributions to equity holders		-	195	-	(98)	15	(113)	97
Balance as at 31 December 2019		162,854	(2,290)	(323,766)	85	228	(143)	(163,117)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# **CONSOLIDATED CASH FLOW STATEMENT**

For the financial year ended 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
<b>Cash flows from operating activities:</b>			
Loss before taxation		(57,550)	(82,306)
Adjustments for:			
Depreciation of property, plant and equipment	10	15,537	16,717
Recognition of deferred capital grant income	5	–	(1,159)
Recognition of financial guarantee liabilities	7	235	648
Finance costs	6	20,740	25,840
Interest income	5	(562)	(739)
Share of results of joint ventures		(568)	(219)
Loss on disposal of property, plant and equipment, net	7	180	886
Loss on disposal of assets held for sale	7	22	14,754
Impairment of doubtful receivables, net	7	3,211	465
Impairment of amounts due from related companies	7	16,702	11,057
Impairment of club membership	7	–	8
Impairment of property, plant and equipment	7	23,213	39,049
Impairment of assets held for sale	7	43	–
Impairment of investment in joint venture	7	964	3,395
Fair value movement on investment securities		50	–
Net gain on debt forgiveness of bank loans	5	(13,329)	(14,256)
Net fair value loss on derivatives	7	–	29
Net fair value loss/(gain) on held for trading investment securities	7	35	(4)
Share-based payment expense	30	7	97
Exchange differences		1,474	775
<b>Operating cash flows before changes in working capital</b>		<b>10,404</b>	<b>15,037</b>
Decrease/(increase) in trade and other receivables		8,089	(11,936)
Increase in amounts due from/to related companies, net		(3,367)	(3,838)
Decrease/(increase) in inventories		60	(397)
(Decrease)/increase in trade payables and other liabilities		(5,304)	2,714
<b>Cash generated from operations</b>		<b>9,882</b>	<b>1,580</b>
Taxes paid		(1,036)	(898)
Interest paid		(1,588)	(1,726)
Interest received		23	545
<b>Net cash flows generated from/(used in) operating activities</b>		<b>7,281</b>	<b>(499)</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# **CONSOLIDATED CASH FLOW STATEMENT**

For the financial year ended 31 December 2020

	Note	2020 US\$'000	2019 US\$'000
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	10	(4,815)	(7,554)
Proceeds from sale of property, plant and equipment		336	213
Proceeds from sale of assets held for sale		1,680	13,250
Proceeds from sale of club membership		6	-
Proceeds from sale of a joint venture		2,135	-
Loan to related companies, net		(2,075)	(746)
Dividend income from a joint venture		460	408
Purchase of investment securities		-	(50)
Net cash inflow on dissolution of a joint venture		-	31
Deposit paid for proposed acquisition of a company	17	-	(2,700)
<b>Net cash flows (used in)/generated from investing activities</b>		<b>(2,273)</b>	<b>2,852</b>
<b>Cash flows from financing activities:</b>			
Payment of principal portion of lease liabilities	26	(203)	(142)
Repayment of bank loans	24	(3,765)	(14,961)
Cash and bank balances released as securities		1,482	529
<b>Net cash flows used in financing activities</b>		<b>(2,486)</b>	<b>(14,574)</b>
Net increase/(decrease) in cash and bank balances		2,522	(12,221)
Effect of exchange rate changes on cash and bank balances		23	32
Cash and bank balances at 1 January		15,096	27,285
<b>Cash and bank balances at 31 December</b>	19	<b>17,641</b>	<b>15,096</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

## **1. CORPORATE INFORMATION**

Pacific Radiance Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is YM Investco Pte Ltd, incorporated in Singapore.

The registered office and principal place of business of the Company is located at 15 Pandan Road, Singapore 609263.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation**

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (USD or US\$) and all values in the tables are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

As at 31 December 2020, the Company's current and total liabilities exceeded its current and total assets by US\$173,303,000 (2019: US\$163,122,000 and US\$163,117,000 respectively). For the financial year ended 31 December 2020, the Group incurred a net loss of US\$58,442,000 (2019: US\$83,360,000). As at 31 December 2020, the Group's current liabilities exceeded its current assets by US\$544,241,000 (2019: US\$517,458,000) and its total liabilities exceeded its total assets by US\$301,921,000 (2019: US\$242,450,000).

As disclosed in Note 24, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure in 2017. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing.

In 2018, a vendor filed winding up applications with the Court against certain other entities of the Group in relation to statutory demands for payment for services. The Court has granted the Company and certain other entities of the Group moratoria under section 211(B)(1) of the Companies Act. The moratoria have been extended to 30 April 2021 to allow more time to complete the restructuring.

On 5 November 2020, the major secured creditors of the Group have entered into a letter of agreement (the "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").

The Company is 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (Cont'd)

On 10 February 2021, the Company commenced a consent solicitation exercise to seek approval from the noteholders for the proposed restructuring of the notes payable. The Company proposed inter alia, to redeem the notes payable by way of issuing new ordinary shares in the capital of the Company ("Redemption Shares") to the noteholders on the basis of 4,518,400 Redemption Shares for every S\$250,000 in principal amount of notes payable held, and one Perpetual Security for every S\$250,000 in principal amount of notes payable held (the "Redemption"). The Redemption of the notes payable will be subject to shareholders approval. The Group is also working in parallel to restructure its remaining liabilities through bi-lateral agreements and scheme of arrangement to be proposed between the relevant entities of the Group and their respective creditors under Section 210(1) of the Companies Act (the "Scheme"). Due diligence on the Group by the Third Financier is progressing and the definitive agreements are being negotiated between the relevant parties. The Group is working closely with all stakeholders to ensure that the restructuring can be completed in an expedient manner.

Taking into consideration that the major secured creditors and the Third Financier have executed the Letter Agreement, the moratoria extended by the Court and the ongoing engagement with the Third Financier, noteholders and creditors, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

If the financial statements were presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and non current liabilities as current liabilities. No such adjustments have been made to these financial statements.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial years beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SFRS(I) 16 <i>Covid-19 related rent concessions</i>	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 7, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not yet effective (Cont'd)

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

### 2.4 Basis of consolidation and business combinations

#### (a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

#### (b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation and business combinations (Cont'd)

#### (b) *Business combinations and goodwill (Cont'd)*

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

The total impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro-rata on the basis of the carrying amount of each asset in the cash-generating unit.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to equity holders of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

### 2.6 Foreign currency

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Foreign currency (Cont'd)

#### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property and buildings includes provision for reinstatement costs as stated in Note 2.18.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Vessels: 20 or 25 years
- Drydocking expenditure: 5 years
- Plant and equipment: 3 to 5 years
- Property and buildings: 20 years & over the remaining life of the leases
- Land-use rights: over the remaining life of the leases

Assets under construction are not depreciated as these assets are not yet available for use.

The Group periodically drydocks each owned vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Generally, each vessel is drydocked every 5 years. A substantial portion of the costs incurred during drydocking is capitalised and these costs are amortised on a straight-line basis from the completion of a drydock to the estimated completion of the next drydocking. Costs for routine repairs and maintenance performed during drydocking that do not improve or extend the useful lives of the vessels are immediately expensed off. The number of drydockings undertaken in a given period and the nature of the work performed determine the level of drydocking expenditures.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (a) *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land-use-rights: over the remaining life of the leases

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10 Impairment of non-financial assets.

The Group's right-of-use assets are presented within property, plant and equipment (Note 10).

##### (ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Leases (Cont'd)

#### (a) Group as a lessee (Cont'd)

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

#### (b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment loss.

#### (c) Group as intermediate lessor (sublease)

The Group leases an underlying asset under a head lease arrangement and subleases the same asset to third parties as an intermediate lessor. Accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the right-of-use asset arising from the head lease rather than the underlying asset. Refer to Note 32(c).

### 2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Intangible assets (Cont'd)

#### *Club memberships*

Club memberships were acquired separately and have indefinite useful lives. These club memberships are tested for impairment annually, or more frequently.

### 2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.11 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.12 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. The Group has not classified any joint arrangement as joint operation during the financial year. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

# **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.12 Joint arrangements (Cont'd)**

#### ***Joint ventures***

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.13.

### **2.13 Joint ventures and associates**

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.14 Financial instruments

#### (a) **Financial assets**

##### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

##### *Subsequent measurement*

##### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:

##### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

##### (ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

##### *Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

# **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.14 Financial instruments (Cont'd)**

#### **(b) Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

### **2.15 Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 270 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Cash and bank balances

Cash and bank balances comprise cash at banks and on hand, short-term bank deposits and cash in holding accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash pledged is excluded from cash and cash equivalents.

### 2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Work-in-progress is recorded at the lower of cost and net realisable value.

Costs include all direct materials, labour costs and those indirect costs incurred in connection with projects on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

### 2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### ***Provision for reinstatement costs***

The Group recognised a provision for reinstatement cost when there is obligation to restore the property, plant and equipment to its original condition upon termination of the contract leases. The reinstatement cost is estimated when modifications are performed on the properties, based on quotations from contractors and management's experience. The provision for reinstatement cost is reviewed annually and adjusted as appropriate. The estimated reinstatement cost is included as part of cost of property, plant and equipment as stated in Note 2.7.

### 2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.15 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

### 2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.22 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Employee benefits (Cont'd)

#### (b) *Defined benefit plans (Cont'd)*

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

#### (c) *Performance share plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share-based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share-based payment reserve is transferred to retained earnings upon expiry of the share plan.

#### (d) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

### 2.23 Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment once classified as held for sale are not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.24 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from bareboat and time chartering activities is recognised in profit or loss based on the duration of the contracts. Ancillary time charter revenue is recognised over time on a straight-line basis based on the number of days of the charter period, and the corresponding costs are charged to profit or loss using the same basis.

Revenue from ship repair works is recognised at a point in time when the repair works are completed and accepted by the customer.

Management fees and ship management fee income are recognised over time when the services are rendered.

Interest income is recognised over time using the effective interest method.

Dividend income is recognised at a point in time when the Group's right to receive the payment is established.

### 2.25 Income taxes and other taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.25 Income taxes and other taxes (Cont'd)

#### (b) *Deferred tax (Cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

### 2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.27 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

# **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **2.28 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### **Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the judgement that the use of going concern assumption is appropriate as further disclosed in Note 2.1. Management has also made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- (a) Functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Judgements made in applying accounting policies (Cont'd)

#### (b) Joint arrangements

The Group has interests in joint arrangements as listed in Note 13. The Group has joint control over these arrangements as under the contractual agreements, joint consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangements are structured as limited companies and provide the parties to the agreements with rights to the net assets of the limited companies under the arrangements. Therefore, these arrangements are classified as joint ventures.

#### (c) Income taxes

The Group has exposure to income taxes in the respective jurisdictions in which it operates. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable and deferred tax liabilities as at 31 December 2020 were US\$1,222,000 (2019: US\$1,365,000) and US\$2,713,000 (2019: US\$3,106,000) respectively.

#### (d) Leases – Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by the option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Useful lives of vessels

Vessels are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of vessels to be 20 or 25 years. The carrying amount of the Group's vessels as at 31 December 2020 was US\$153,868,000 (2019: US\$186,484,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charge could be revised.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Key sources of estimation uncertainty (Cont'd)

#### Useful lives of vessels (cont'd)

A 5% increase/(decrease) in the expected useful lives of these assets from management estimates would result in a decrease/(increase) of approximately US\$512,000 (2019: US\$563,000) and US\$500,000 (2019: US\$638,000) respectively in the Group's loss before tax.

#### Impairment of property, plant and equipment

The Group assesses the impairment of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use.

For the purposes of impairment assessment of property, plant and equipment, the fair value less costs to dispose is determined mainly based on valuation reports issued by independent professional valuers. The impairment charge for the financial year was US\$23,213,000 (2019: US\$39,049,000). If the fair value less costs to dispose decreases by 10% from the fair value based on valuation reports, the impairment charges will increase by US\$17,946,000 (2019: US\$21,277,000).

#### Provision for expected credit losses of trade receivables, amounts due from related companies and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables, including trade amounts due from related companies. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group uses the probability of default approach for non-trade amounts and loans due from related companies, including other receivables. To estimate the loss allowance for credit losses, the Group perform recoverability assessments to derive the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, including cash flows from the sale of collateral that are integral to the contractual terms. The fair value of the collateral and forecast economic conditions in the recoverability assessment is a significant estimate where changes in which can result in different levels of allowances.

The information about the ECLs on the Group's trade receivables, amounts due from related companies and other receivables are disclosed in Note 34(a).

The carrying amount of trade receivables as at 31 December 2020 are US\$18,747,000 (2019: US\$28,931,000). The carrying values for amounts due from related companies and other receivables as at 31 December 2020 are disclosed in Note 14 and Note 17 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

### Key sources of estimation uncertainty (Cont'd)

#### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment as a going concern. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### Estimating the finance costs, carrying amount of bank loans and associated accrued interest payables ("bank loan liabilities")

The Group did not receive continuing updates from bank lenders on the computation of interest expenses post suspension of certain debt obligations and has to make various assumptions in determining the finance costs as disclosed in Note 6. It has relied on published market data for LIBOR as a proxy to determine the applicable interest rates for the outstanding bank loans. Interest expenses, including default interest and late payment charges for the outstanding bank loans was computed based on the terms set out in the loan facility agreements. The Group also has to exercise judgement in determining the reduction in the different components of bank loan liabilities arising from set off against bank balances by the bank lenders during the financial year. The carrying amounts of accrued interest payables and bank loans as at 31 December 2020 are disclosed in Note 21 and 24 respectively.

## 4. REVENUE

### Disaggregation of revenue

Segments	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Total US\$'000
<b>2020</b>				
<b>Type of services</b>				
Lease revenue	16,252	1,711	–	17,963
Other ancillary time charter revenue	38,137	2,517	–	40,654
Ship repair income	–	–	4,543	4,543
Ship management fee income	332	–	–	332
Others	–	–	28	28
	<b>54,721</b>	<b>4,228</b>	<b>4,571</b>	<b>63,520</b>
<b>Timing of transfer of services</b>				
At a point in time	–	–	4,571	4,571
Over time	54,721	4,228	–	58,949
	<b>54,721</b>	<b>4,228</b>	<b>4,571</b>	<b>63,520</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 4. REVENUE (CONT'D)

### Disaggregation of revenue (Cont'd)

Segments	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Total US\$'000
<b>2019</b>				
<b>Type of services</b>				
Lease revenue	15,537	5,953	–	21,490
Other ancillary time charter revenue	38,606	9,375	–	47,981
Ship repair income	–	–	4,984	4,984
Ship management fee income	150	–	–	150
Others	–	–	153	153
	<u>54,293</u>	<u>15,328</u>	<u>5,137</u>	<u>74,758</u>
<b>Timing of transfer of services</b>				
At a point in time	–	–	5,137	5,137
Over time	54,293	15,328	–	69,621
	<u>54,293</u>	<u>15,328</u>	<u>5,137</u>	<u>74,758</u>

The Group accounts for the lease of vessels for bareboat charter and time charter under SFRS(I) 16 Leases as lease revenue. Time charter comprises lease of vessels and provision of other ancillary services. Other ancillary services include provision of crew and other services under the time charter contracts. The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on market assessment approach where management estimates the market rate for the leases of vessels and services taking into consideration the Group's business pricing strategies and practices. Both lease and other ancillary time charter revenue are recognised over the same duration of the charter period.

Refer to Note 37 for revenue disclosure by operating business segments and geographical location.

## 5. OTHER OPERATING INCOME

	Group	
	2020 US\$'000	2019 US\$'000
Interest income from banks	14	148
Interest income from loans to joint ventures and associate	529	550
Interest income from third parties	19	41
Gain on debt forgiveness of bank loan (Note 24)	13,329	14,256
Recognition of deferred capital grant income (Note 21)	–	1,159
Management fee income	435	342
Government grants	1,453	–
Net fair value gain on held for trading investment securities	–	4
Sundry income	756	647
	<u>16,535</u>	<u>17,147</u>

The Jobs Support Scheme ("JSS") is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees as part of the COVID-19 Relief Measures. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees during the qualifying periods. A grant of US\$1,013,000 (2019: Nil) was recognised during the financial year in profit or loss, US\$202,000 (2019: Nil) in other receivables (Note 17) and US\$420,000 (2019: Nil) in other payables (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5. OTHER OPERATING INCOME (CONT'D)

The Singapore Government had also given property tax rebate, cash grant and rental waiver to qualifying non-residential properties for the period from 1 January 2020 to 31 December 2020 in response to the COVID-19 pandemic. A grant of US\$323,000 (2019: Nil) was recognised during the financial year in profit or loss.

Gain on debt forgiveness of bank loans relate to loan principals forgiven of US\$10,650,000 (2019: US\$13,994,000) and accrued interest and other balances forgiven of US\$2,679,000 (2019: US\$262,000).

## 6. FINANCE COSTS

	Group	
	2020 US\$'000	2019 US\$'000
Interest expense on:		
– Bank loans carried at amortised cost	19,885	24,857
– Lease liabilities (Note 32a)	461	410
Interest expense on borrowings from a shareholder of a subsidiary carried at amortised cost	392	571
	<b>20,738</b>	25,838
Discount rate adjustment for provisions (Note 22)	2	2
	<b>20,740</b>	25,840

## 7. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting) the following:

	Group	
	2020 US\$'000	2019 US\$'000
Audit fees:		
– Auditors of the Company	125	140
– Other auditors	8	4
Non audit fees:		
– Auditors of the Company	89	134
– Other auditors	62	44
Legal and professional fees	2,773	4,148
Inventories recognised as an expense in cost of sales (Note 15)	2,051	2,605
Employee benefits expense (Note 30)	8,152	8,824
Depreciation of property, plant and equipment (Note 10)	15,537	16,717
Impairment of property, plant and equipment (Note 10)	23,213	39,049
Impairment of assets held for sale (Note 10)	43	–
Impairment of doubtful trade receivables, net (Note 16)	3,211	150
Impairment of doubtful non-trade receivables, net (Note 17)	–	315
Impairment of amount due from related companies, net (Note 14)	16,702	11,057
Impairment of club membership	–	8
Impairment of investment in a joint venture	964	3,395
Foreign exchange losses, net	1,921	1,048
Net fair value loss on derivatives	–	29
Net fair value loss/(gain) on held for trading investment securities	35	(4)
Lease expenses (Note 32(a))	2,652	976
Loss on disposal of property, plant and equipment, net	180	886
Loss on disposal of assets held for sale	22	14,754
Recognition of financial guarantee liabilities	235	648

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. TAXATION

The major components of income tax expense for the years ended 31 December 2020 and 2019 were:

	Group	
	2020 US\$'000	2019 US\$'000
<b>Consolidated income statements:</b>		
Current income tax		
– Current year's income taxation	155	280
– Overprovision in respect of prior years, net	(278)	(263)
	(123)	17
Deferred income tax (Note 27)		
– (Reversal)/origination of temporary differences	(393)	186
Withholding tax	1,408	851
Tax expense recognised in consolidated income statement	<b>892</b>	<b>1,054</b>

The reconciliation between the tax expense and the product of accounting loss before taxation multiplied by the applicable tax rate for the financial years ended 31 December 2020 and 2019 was as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Loss before taxation	(57,550)	(82,306)
Less: Share of results of joint ventures	(568)	(219)
Less: Share of results of associates	–	–
Loss before tax and share of results of associates and joint ventures	<b>(58,118)</b>	<b>(82,525)</b>
Tax credit at Singapore statutory rate of 17% (2019: 17%)	<b>(9,880)</b>	<b>(14,029)</b>
Adjustments:		
Income not assessable for tax purposes	(245)	(46)
Expenses not deductible for tax purposes	5,269	6,939
Overprovision in respect of prior years, net	(278)	(263)
Effect of partial tax exemption and tax relief	(39)	(75)
Deferred tax assets not recognised	186	408
Utilisation of previously unrecognised tax losses	(169)	(219)
Net tax exempt loss under Section 13A or 13F of the Singapore Income Tax Act and rebate available	<b>4,640</b>	<b>7,488</b>
Withholding tax	<b>1,408</b>	<b>851</b>
Tax expense recognised in consolidated income statement	<b>892</b>	<b>1,054</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net of tax profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the income and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss for the year attributable to equity holders of the Company	<b>(58,645)</b>	(84,691)
	<b>No. of shares</b>	<b>No. of shares</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for calculation:		
– Applicable to basic earnings per share	<b>715,120</b>	714,116
– On a fully diluted basis	<b>715,120</b>	714,116

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

576,000 outstanding share awards granted to employees under the Performance Share Plan in the previous financial year have not been included in the calculation of diluted earnings per share because they are anti-dilutive since the Group is in a loss position.

Since the end of the financial year, the Company has not acquired (2019: Nil) ordinary shares in the Company through purchases on the Singapore Exchange. There has been no other transactions involving ordinary shares since the reporting date and before the completion of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Vessels US\$'000</b>	<b>Drydocking expenditure US\$'000</b>	<b>Plant and equipment US\$'000</b>	<b>Property and buildings US\$'000</b>	<b>Land-use rights US\$'000</b>	<b>Total US\$'000</b>
<b>Group Cost:</b>						
At 1 January 2019	504,662	7,229	10,805	60,449	7,984	591,129
Additions	207	7,274	73	–	631	8,185
Disposals	(8,255)	(2,028)	(177)	–	–	(10,460)
Translation differences	–	–	113	795	109	1,017
At 31 December 2019 and 1 January 2020	496,614	12,475	10,814	61,244	8,724	589,871
Additions	669	4,007	139	–	–	4,815
Adjustments <sup>[1]</sup>	2,174	–	–	–	–	2,174
Disposals	–	(567)	(34)	–	–	(601)
Reclass to assets held for sale	(19,287)	(1,517)	–	–	–	(20,804)
Translation differences	–	–	37	1,118	159	1,314
At 31 December 2020	480,170	14,398	10,956	62,362	8,883	576,769
<b>Group Accumulated depreciation and impairment loss:</b>						
At 1 January 2019	269,180	5,326	5,866	18,424	–	298,796
Depreciation charge for the financial year	11,972	1,608	514	2,175	448	16,717
Impairment loss	35,518	–	–	3,531	–	39,049
Disposals	(6,540)	(1,847)	(173)	–	–	(8,560)
Translation differences	–	–	48	344	6	398
At 31 December 2019 and 1 January 2020	310,130	5,087	6,255	24,474	454	346,400
Depreciation charge for the financial year	10,122	2,502	509	1,956	448	15,537
Impairment loss	22,367	846	–	–	–	23,213
Disposals	–	(389)	(9)	–	–	(398)
Reclass to assets held for sale	(16,317)	(1,517)	–	–	–	(17,834)
Translation differences	–	–	(35)	559	28	552
At 31 December 2020	326,302	6,529	6,720	26,989	930	367,470
<b>Net carrying amounts:</b>						
At 31 December 2019	186,484	7,388	4,559	36,770	8,270	243,471
At 31 December 2020	153,868	7,869	4,236	35,373	7,953	209,299

[1] During the financial year, the Group's finance leases for three vessels were terminated and the Group has reclassified the carrying value of the vessels of US\$2,174,000 from amount due from related companies to property, plant and equipment.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 32.

Plant and equipment with carrying amount of US\$642,000 (2019: US\$720,000) were acquired under finance lease arrangements.

The cash outflow on acquisition of property, plant and equipment in 2020 amounted to US\$4,815,000 (2019: US\$7,554,000).

### Assets pledged as security

At the balance sheet date, vessels with a carrying amount totalling US\$149,647,000 (2019: US\$181,425,000) were mortgaged to banks as collateral to secure the Group's bank loans (Note 24).

At the balance sheet date, buildings, shipyard and plant and equipment with a carrying amount of US\$38,226,000 (2019: US\$39,964,000) were mortgaged to banks as collateral to secure the Group's bank loans (Note 24).

In 2017, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing. The Court has granted the Company and other entities of the Group moratoria under section 211(B)(1) of the Companies Act. The moratoria have been extended to 30 April 2021 to allow more time to complete the restructuring. Depending on the progress of the restructuring as disclosed in Note 2.1, the Group may seek further extension of the moratoria at the next hearing. In the event that the moratoria are not extended, the banks are entitled to enforce their rights against the mortgaged assets.

### Capitalisation of borrowing costs

The Group capitalised borrowing costs arising from bank loans and notes payable raised specifically for the purpose of construction of vessels and the shipyard.

During the financial year, no borrowing costs was capitalised as cost of vessels and shipyard under construction (2019: Nil).

### Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment mainly based on valuation reports issued by independent professional valuers. An impairment loss of US\$23,213,000 (2019: US\$39,049,000), representing the write-down of the property, plant and equipment to the recoverable amount was included in "Other operating expenses" in the Group's profit or loss for the year ended 31 December 2020. The recoverable amount of the property, plant and equipment was based on its fair value less costs to dispose.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### Assets held for sale

	Vessels US\$'000	Drydocking expenditure US\$'000	Total US\$'000
At 1 January 2019	32,827	127	32,954
Disposals	(32,827)	(127)	(32,954)
At 31 December 2019 and 1 January 2020	–	–	–
Transfer from property, plant and equipment	2,970	–	2,970
Impairment loss recognised on remeasurement to fair value	(43)	–	(43)
Disposals	(1,702)	–	(1,702)
At 31 December 2020	1,225	–	1,225

At the balance sheet date, assets held for sale with a carrying amount totalling US\$1,225,000 (2019: US\$ Nil) were mortgaged to banks as collateral to secure the Group's bank loans (Note 24).

## 11. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 US\$'000	2019 US\$'000
Unquoted equity shares, at cost	52,963	51,447
Performance share awards granted to employees of subsidiaries	163	144
Impairment losses	(53,126)	(51,586)
	–	5

### (a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2020 %	2019 %
<b>Held by the Company</b>				
Pacific Crest Pte Ltd <sup>(1)</sup>	Singapore	Ship chartering and ship owning	100	100
Strato Maritime Services Pte Ltd <sup>(1)</sup>	Singapore	Ship chartering and ship agency	100	100
Alstonia Offshore Pte Ltd <sup>(1)</sup>	Singapore	Ship agent and related business	100	100
Crest Subsea International Pte Ltd <sup>(1)</sup>	Singapore	Integrated subsea solutions	100	100
Crest Offshore Marine Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	100	100
Crest Shipyard Pte Ltd <sup>(1) (7) (11)</sup>	Singapore	Investment holding	100	100
CrestSA Marine & Offshore Pte Ltd <sup>(1) (10)</sup>	Singapore	Repair of offshore vessels and other ocean-going vessels	100	–

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Composition of the Group (Cont'd)

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2020 %	2019 %
<b>Held through Alstonia Offshore Pte Ltd</b>				
Radiance Offshore B.V. <sup>(4)</sup> <sup>(5)</sup>	Netherland	Ship chartering	–	100
Radiance Offshore Navegacao (Alagoas) Ltda <sup>(6)</sup>	Brazil	Ship chartering, ship owning and ship management	–	100
Pacific Offshore Pte Ltd <sup>(1)</sup>	Singapore	Ship owning, ship chartering and ship management	<b>100</b>	100
Envestra Investments Limited <sup>(4)</sup>	British Virgin Islands	Investment holding	<b>100</b>	100
Pacific Radiance (East Africa) Lda <sup>(4)</sup>	Africa	Marketing office	<b>100</b>	100
Pacific Crest (Brunei) Sdn Bhd <sup>(2)</sup>	Brunei	Marketing office	<b>90</b>	90
Radiance Offshore Holdings Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	<b>100</b>	100
Continental Radiance Offshore Pvt Ltd <sup>(3)</sup>	India	Ship chartering and ship owning	<b>100</b>	100
<b>Held through Crest Offshore Marine Pte Ltd</b>				
Firstmac Investments Limited <sup>(4)</sup>	British Virgin Islands	Investment holding	<b>100</b>	100
Radiance ZJ Pte Ltd <sup>(1)</sup>	Singapore	Ship chartering and ship owning	<b>63</b>	63
Pacific Offshore Marine Pte Ltd <sup>(1)</sup>	Singapore	Ship chartering and ship owning	<b>100</b>	100
Consolidated Pipe Carriers Pte Ltd <sup>(1)</sup>	Singapore	Integrated logistics solutions services provider	<b>100</b>	100
Crest Siam Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	<b>100</b>	100
<b>Held through Firstmac Investments Limited</b>				
Hudson Marine Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	<b>100</b>	100
<b>Held through Crest Shipyard Pte Ltd</b>				
CrestSA Marine & Offshore Pte Ltd <sup>(1)</sup> <sup>(10)</sup>	Singapore	Repair of offshore vessels and other ocean-going vessels	–	100
<b>Held through Crest Subsea International Pte Ltd</b>				
CSI Offshore Pte Ltd <sup>(1)</sup>	Singapore	Ship chartering, ship owning and ship management services	<b>100</b>	100
Offshore Subsea Services (Asia Pacific) Pte Ltd <sup>(1)</sup>	Singapore	Offshore subsea intervention for oil and gas industry	<b>100</b>	100
Berjaya Offshore (Labuan) Ltd <sup>(3)</sup>	Malaysia	Ship chartering and ship owning	<b>100</b>	100
PT Cahaya Offshore Indonesia <sup>(3)</sup> <sup>(9)</sup>	Indonesia	Dormant	<b>49</b>	49
<b>Held through Offshore Subsea Services (Asia Pacific) Pte Ltd</b>				
PT Subsea Offshore <sup>(3)</sup> <sup>(8)</sup>	Indonesia	Offshore subsea intervention for oil and gas industry	<b>99.8</b>	95
<b>Held through PT Subsea Offshore</b>				
PT Marine Engineering Services <sup>(3)</sup> <sup>(8)</sup>	Indonesia	Offshore subsea intervention for oil and gas industry	<b>99.5</b>	95

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (a) Composition of the Group (Cont'd)

- (1) Audited by Ernst & Young LLP, Singapore.
- (2) Audited by member firms of EY Global in the respective countries.
- (3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.
- (4) Not required to be audited under the laws of the country of incorporation.
- (5) Liquidated during the financial year.
- (6) Struck off during the financial year.
- (7) In process of strike-off.
- (8) In process of members' voluntary liquidation.
- (9) On 14 July 2015, the Group's subsidiary company, Crest Subsea International Pte Ltd ("CSI") incorporated a company, PT Cahaya Offshore Indonesia ("PT Cahaya"), in Indonesia, and subscribed for 4,900 Series A shares, representing the entire voting shares and 49% of the total issued shares of PT Cahaya. Since the Group has control over PT Cahaya through its entire voting shares, PT Cahaya is accounted for as a subsidiary of the Group.
- (10) On 16 October 2020, the Company completed the acquisition of 100% of equity interest in CrestSA Marine & Offshore Pte. Ltd. ("CrestSA"), comprising 100,000 ordinary shares for a nominal consideration of S\$1.00 from Crest Shipyard Pte. Ltd, a direct wholly-owned subsidiary of the Company. This acquisition is part of the Group's ongoing effort to streamline its corporate structure. Upon the completion of the Acquisition, CrestSA has become a direct wholly-owned subsidiary of the Company.
- (11) On 16 November 2020, the Company converted the loan of US\$1,516,344 owing by Crest Shipyard Pte Ltd ("CSP") to 1,516,344 ordinary shares of US\$1.00 each in CSP. As CSP is in the process of strike-off, the Company has fully impaired this additional investment during the year.

According to Law No. 40 Year 2007 on Limited Liability Companies in Indonesia, Indonesian companies are required to allocate a certain amount from its net profit in each financial year as a reserve fund. The reserve fund should be provided until it reaches at least 20% of the issued and paid-up capital of the company. Dividend distribution by the company is based on its net profit after deducting the allocation for the reserve fund.

As the Group's Indonesian subsidiaries were not in retained profit positions as at 31 December 2020 and 31 December 2019, no reserve fund was allocated.

Other than the above, there are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries.

Transactions with non-controlling interests have been disclosed in Note 31(a).

### (b) Acquisition of ownership interest in subsidiary, without a loss of control

On 29 August 2019, the Group's subsidiary, Crest Subsea International Pte. Ltd. ("CSIPL"), acquired 20% equity interest in Offshore Subsea Services (Asia Pacific) Pte Ltd ("OSS") from its non-controlling interests for a cash consideration of US\$1. As a result, OSS became a wholly-owned subsidiary of CSIPL. OSS was in a net liability position of US\$17,252,000 and the carrying value of the interest acquired was negative US\$3,402,000. The difference of US\$3,402,000 between the consideration and the carrying value of the interest acquired was recognised as "Premium paid on acquisition of non-controlling interests" within equity (Note 29e(i)). The equity attributable to equity holders of the Company decreased by US\$3,402,000.

### (c) Interest in subsidiaries with material non-controlling interest

As at 31 December 2020, the Group has no subsidiaries (2019: Nil) that have non-controlling interest that are material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. INVESTMENT IN ASSOCIATES

The Group's carrying amount of investment in associates is summarised below:

	Group	
	2020 US\$'000	2019 US\$'000
PT Jawa Tirtamarin	–	–
PT Logindo Samudramakmur Tbk	<b>14,778</b>	14,778
	<b>14,778</b>	14,778
Less: Allowance for impairment	<b>(14,778)</b>	(14,778)
	–	–
Fair value of investment in PT Logindo Samudramakmur Tbk for which there is a published price quotation	<b>4,727</b>	4,727

The associates of the Group as at 31 December were as follows:

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2020 %	2019 %
<b>Held through subsidiaries</b>				
PT Jawa Tirtamarin ("PT Jawa") <sup>(1)</sup>	Indonesia	Ship owning, ship chartering and ship brokering	<b>49</b>	49
PT Logindo Samudramakmur Tbk ("PT Logindo") <sup>(2)</sup>	Indonesia	Ship owning and ship chartering	<b>32.4</b>	32.4

(1) Audited by KAP Johan Malonda Mustika & Rekan, registered public accountant, Indonesia. SGX Listing Rule 716 is complied with.

(2) Audited by a member firm of EY Global.

The Group has not recognised losses relating to associates where its share of losses exceeded the Group's interest in the associates. The Group's cumulative share of unrecognised losses at the end of the current financial year was US\$30,745,000 (2019: US\$28,930,000) of which US\$1,815,000 (2019: US\$4,108,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. INVESTMENT IN ASSOCIATES (CONT'D)

The activities of the associates are strategic to the Group's activities. The summarised financial information in respect of PT Jawa and PT Logindo based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

### Summarised balance sheet

	PT Jawa		PT Logindo	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Current assets	5,492	6,538	19,637	20,878
Non-current assets	41,110	46,409	121,690	130,059
Total assets	46,602	52,947	141,327	150,937
Current liabilities	(18,721)	(24,221)	(5,160)	(15,005)
Non-current liabilities	(64,409)	(60,869)	(98,383)	(95,410)
Total liabilities	(83,130)	(85,090)	(103,543)	(110,415)
Net (liabilities)/assets	(36,528)	(32,143)	37,784	40,522
Proportion of the Group's ownership	49%	49%	32.4%	32.4%
Group's share of net (liabilities)/assets	(17,899)	(15,750)	12,242	13,129
Deferred group's share of net losses	25,605	24,520	5,494	4,609
Deferred group's share of movement in reserves	–	–	69	67
Elimination of gain on sale of vessels	(4,562)	(5,626)	(3,104)	(3,104)
Effects of change in functional currency	(3,144)	(3,144)	–	–
Allowance for impairment	–	–	(14,778)	(14,778)
Other adjustments	–	–	77	77
Carrying amount of the Group's investment in associates	–	–	–	–

### Summarised statement of comprehensive income

	PT Jawa		PT Logindo	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Revenue	4,404	4,330	25,569	25,611
Loss after tax	(4,385)	(2,430)	(2,692)	(8,235)
Other comprehensive income	–	–	34	(340)
Total comprehensive income	(4,385)	(2,430)	(2,658)	(8,575)

The associates are required by the Indonesia Law No. 40 Year 2007 to allocate a certain amount of its net profit in each financial year as a reserve fund. Please refer to Note 11(a) for further details. The reserve fund for PT Logindo as at 31 December 2020 was US\$210,000 (2019: US\$210,000).

No dividend (2019: Nil) was received from the associates during the financial year ended 31 December 2020.

Consent is required by both shareholders for any dividend distribution proposed by PT Jawa.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. INVESTMENT IN JOINT VENTURES

The Group's carrying amount of investment in joint ventures is summarised below:

	Group	
	2020 US\$'000	2019 US\$'000
Alam Radiance (L) Inc	5,865	5,865
CA Offshore Investment Inc	–	3,395
Duta Pacific Offshore Sdn Bhd	–	3,012
Other joint ventures	–	–
	<b>5,865</b>	12,272
Less: Allowance for impairment	<b>(5,865)</b>	(9,260)
	–	3,012
Movement in allowance account:		
At 1 January	<b>9,260</b>	5,865
Charge for the year (Note 7)	<b>964</b>	3,395
Written off upon disposal of joint ventures	<b>(4,359)</b>	–
	<b>5,865</b>	9,260

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2020 %	2019 %
<b>Held through subsidiaries</b>				
Alam Radiance (M) Sdn Bhd <sup>(3)</sup>	Malaysia	Ship management and ship chartering	50	50
Alam Radiance (L) Inc <sup>(3) (5)</sup>	Malaysia	Ship owning and ship chartering	49	49
CA Offshore Investment Inc <sup>(6)</sup>	British Virgin Islands	Ship owning and ship chartering	–	50
Duta Pacific Offshore Sdn Bhd <sup>(2) (5) (8)</sup>	Malaysia	Ship owning and ship chartering	–	49
Duta Radiance Maritim Sdn Bhd <sup>(3) (5) (9)</sup>	Malaysia	Dormant	–	49
Duta Maritime Alliances Sdn Bhd <sup>(2) (5)</sup>	Malaysia	Ship owning and ship chartering	49	49
Duta Maritime Ventures Sdn Bhd <sup>(2) (5)</sup>	Malaysia	Ship owning and ship chartering	49	49
Aztec Offshore Holdings Pte Ltd <sup>(1)</sup>	Singapore	Ship owning and ship chartering	18.9	18.9
CR Offshore S.A.P.I de C.V. <sup>(4) (5)</sup>	Mexico	Ship management and ship chartering	49	49
CEIBA Maritima, SAPI de CV, SOFOM ENR <sup>(4)</sup>	Mexico	Ship chartering and leasing	50	50
Dot Radiance Pte Ltd <sup>(1) (11)</sup>	Singapore	Ship owning and ship chartering	50	50
Allianz Radiance Pte Ltd <sup>(4)</sup>	Singapore	Ship owning and ship chartering	50	50
Navigatis Radiance Pte Ltd <sup>(1)</sup>	Singapore	Investment holding	50	50
Pacific Allianz Holdings Pte Ltd <sup>(4)</sup>	Singapore	Investment holding	52	52
<b>Held through joint ventures</b>				
Aztec Offshore Holdings Pte Ltd <sup>(1) (10)</sup>	Singapore	Ship owning and ship chartering	40.6	31.1
Radiance Alliance Pte Ltd <sup>(1)</sup>	Singapore	Ship owning and ship chartering	50	50
AR Offshore Pte Ltd <sup>(4)</sup>	Singapore	Ship owning and ship chartering	52	52
Al Hail Marine Services LLC <sup>(2) (7)</sup>	United Arab Emirates	Ship management	52	52

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. INVESTMENT IN JOINT VENTURES (CONT'D)

- (1) Audited by Ernst & Young LLP, Singapore.
- (2) Audited by member firms of EY Global in the respective countries.
- (3) Not significant to Group and not required to be disclosed under SGX Listing Rule 717.
- (4) Not required to be audited under the laws of the country of incorporation.
- (5) Remains as a joint venture company of the Group as the entity remains jointly controlled as governed by the contractual arrangement between the shareholders where decisions about the relevant activities require the unanimous consent of the shareholders.
- (6) Liquidated during the financial year.
- (7) Incorporated in 2019.
- (8) During the financial year, the Group's subsidiary company, Alstonia Offshore Pte Ltd, disposed its entire shareholding in the joint venture.
- (9) Struck off during the financial year.
- (10) On 8 July 2020, the Group's joint venture, Navigatis Radiance Pte Ltd ("NRPL"), acquired an additional 18.9% equity interest in Aztec Offshore Holdings Pte Ltd ("AOH") at a purchase price of US\$25,000 from another shareholder. Following the acquisition, AOH became a subsidiary of NRPL and the Group holds a total effective interests of 59.5%.
- (11) In process of liquidation.

The Group has not recognised losses relating to joint ventures where its share of losses exceeds the Group's interest in the joint ventures. The Group's cumulative share of unrecognised losses at the end of the current financial year was US\$70,208,000 (2019: US\$73,458,000), of which US\$989,000 (2019: US\$16,210,000) was the share of the current period's losses. The Group has no obligation in respect of these losses.

	Cumulative share of unrecognised losses at end of		Share of profit/(loss) for the year ended	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Navigatis Radiance Pte Ltd Group	(20,270)	(21,261)	991	1,738
CR Offshore S.A.P.I. de CV	(16,637)	(14,605)	(2,031)	(968)
DOT Radiance Pte Ltd	–	(5,771)	5,771	235
Duta Maritime Ventures Sdn Bhd	(7,390)	(5,237)	(2,153)	(570)
Duta Maritime Alliances Sdn Bhd	(7,502)	(6,063)	(1,439)	(2,588)
Alam Radiance (L) Inc	(8,572)	(6,897)	(1,675)	(5,319)
CA Offshore Investment Inc	–	(4,239)	–	(4,239)
Pacific Allianz Holdings Pte Ltd Group	(3,848)	(3,734)	(114)	(3,454)
Aztec Offshore Holdings Pte Ltd	(2,744)	(2,657)	(87)	(627)
Other joint ventures	(3,245)	(2,994)	(252)	(418)
	<b>(70,208)</b>	<b>(73,458)</b>	<b>(989)</b>	<b>(16,210)</b>

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2020 US\$'000	2019 US\$'000
<u>The Group's share of the joint ventures'</u>		
Loss after tax	–	(197)
Other comprehensive income	–	–
Total comprehensive income	–	(197)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. INVESTMENT IN JOINT VENTURES (CONT'D)

### Summarised financial information about material joint ventures

The joint venture which is material to the Group based on their respective carrying values was Duta Pacific Offshore Sdn Bhd ("DPO") for 2019. DPO is incorporated in Malaysia and was a strategic venture in the business of vessel owning and chartering.

During the financial year, the Group's subsidiary, Alstonia Offshore Pte Ltd ("AOPL") entered into a share purchase agreement with Alliance Maritime Pte. Ltd. ("AMPL") to sell its entire shareholding in DPO to AMPL at an aggregate purchase price of US\$2,135,000 (the "Disposal"). Following the completion of the Disposal on 3 August 2020, DPO ceased to be a joint venture company of the Group and the shareholders agreement entered between AOPL and Duta Marine Sdn Bhd on 4 February 2014 for the joint arrangement was terminated accordingly.

Dividends of US\$460,000 (2019: US\$408,000) were received from DPO during the financial year.

There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans and advance.

## 14. AMOUNTS DUE FROM RELATED COMPANIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Amounts due from associates	79,157	81,225	–	–
Amounts due from joint ventures	95,735	94,216	–	–
Amounts due from subsidiaries	–	–	429,555	414,019
	<b>174,892</b>	175,441	<b>429,555</b>	414,019
Less: Allowance for impairment	<b>(101,082)</b>	(89,660)	<b>(280,232)</b>	(276,337)
	<b>73,810</b>	85,781	<b>149,323</b>	137,682
Less: Current portion	<b>(18,405)</b>	(34,346)	<b>(149,323)</b>	(137,682)
Non-current portion	<b>55,405</b>	51,435	–	–
Movement in allowance accounts:				
At 1 January	<b>89,660</b>	78,189	<b>276,337</b>	264,255
Charge for the year (Note 7)	<b>16,702</b>	11,057	<b>1,521</b>	10,471
ECL adjustment to interest income	<b>554</b>	610	–	–
Written off during the year	<b>(5,999)</b>	(265)	–	–
Exchange difference	<b>165</b>	69	<b>2,374</b>	1,611
At 31 December	<b>101,082</b>	89,660	<b>280,232</b>	276,337
Amounts due from related companies comprised:				
Trade	<b>8,134</b>	8,625	–	–
Non-trade	<b>53,693</b>	64,156	<b>14,275</b>	15,440
Loans	<b>11,983</b>	13,000	<b>135,048</b>	122,242
	<b>73,810</b>	85,781	<b>149,323</b>	137,682

Amounts due from associates and joint ventures are unsecured, non-interest bearing, and are to be settled in cash, except for loans to joint ventures and associates of US\$21,810,000 (2019: US\$21,735,000) which bear weighted average interest rate at 5.0% (2019: 5.0%) per annum, and non-trade amount due from joint ventures and associates of US\$60,853,000 (2019: US\$61,491,000) in relation to sale of vessels which the Group has the right to call for ownership and title to the vessels to be re-vested to the Group.

Amounts due from associates and joint ventures are repayable upon demand except for non-trade amounts of US\$20,684,000 (2019: US\$33,129,000) which are repayable in 2 years (2019: 3 years). Amounts due from associates and joint ventures are classified as current assets if the Group expects to recover the amounts within one year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. AMOUNTS DUE FROM RELATED COMPANIES (CONT'D)

Amounts due from related companies include non-trade amounts of US\$ Nil (2019: US\$3,399,000) pertaining to lease receivables for vessels chartered to related company under finance lease. In 2019, the weighted average interest rates on the lease receivables was 5.23% and the average remaining lease term was 6 months.

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Amounts due from associates and joint ventures that were individually impaired at the end of the reporting period relate to debtors that are in financial difficulties and/or billings in dispute.

Amounts due from related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar	2,010	4,162	20,882	14,746

## 15. INVENTORIES

	Group	
	2020 US\$'000	2019 US\$'000
<b>Balance sheet:</b>		
Work-in-progress (at cost)	300	61
Finished goods (at cost or net realisable value)	438	737
	<b>738</b>	<b>798</b>
<b>Consolidated income statement:</b>		
The following is included in consolidated income statement:		
Inventories recognised as an expense in cost of sales (Note 7)	2,051	2,605

## 16. TRADE RECEIVABLES

Trade receivables are unsecured, interest bearing and are generally due immediately or on 60-day term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 31 December were as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Singapore Dollar	2,103	3,916
Malaysian Ringgit	–	202
Brunei Dollar	82	–

Included in trade receivables was an amount of US\$1,270,000 (2019: US\$2,398,000) relating to unbilled trade receivables. Unbilled trade receivables relate to the Group's right to consideration for charter hire earned but not yet billed at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 16. TRADE RECEIVABLES (CONT'D)

Significant changes in unbilled trade receivables are explained as follows:

	<b>2020</b> <b>US\$'000</b>	<b>2019</b> US\$'000
Unbilled trade receivables reclassified to trade receivables	<b>2,398</b>	914
Charter revenue earned but not yet billed	<b>1,270</b>	2,398

On 1 January 2019, the carrying amount of trade receivables was US\$17,683,000, including unbilled trade receivables of US\$914,000.

### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	<b>Group</b>	
	<b>2020</b> <b>US\$'000</b>	<b>2019</b> <b>US\$'000</b>
Movement in allowance accounts:		
At 1 January	<b>11,041</b>	12,010
Charge for the year (Note 7)	<b>3,277</b>	224
Write back of allowance (Note 7)	<b>(66)</b>	(74)
Written off during the year	<b>(349)</b>	(1,117)
Exchange differences	<b>14</b>	(2)
At 31 December	<b>13,917</b>	11,041

## 17. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2020</b> <b>US\$'000</b>	<b>2019</b> <b>US\$'000</b>	<b>2020</b> <b>US\$'000</b>	<b>2019</b> <b>US\$'000</b>
Deposits	<b>3,046</b>	3,047	<b>2,700</b>	2,700
Prepayments	<b>906</b>	1,155	<b>27</b>	26
GST/VAT receivable	<b>167</b>	211	<b>28</b>	23
Recoverables from customers	<b>919</b>	1,440	–	–
Advances to staff	<b>43</b>	48	–	–
Advance payment to suppliers	<b>164</b>	56	–	–
Accrued interest	–	8	–	–
Loans to third parties	<b>9,044</b>	9,937	–	–
Tax recoverable	<b>66</b>	69	–	–
Lease receivables (Note 32(c))	<b>241</b>	589	–	–
Other receivables	<b>3,774</b>	3,472	–	653
	<b>18,370</b>	20,032	<b>2,755</b>	3,402
Less: Allowance for impairment	<b>(12,125)</b>	(12,446)	–	–
	<b>6,245</b>	7,586	<b>2,755</b>	3,402
Less: Current portion	<b>(6,245)</b>	(7,345)	<b>(2,755)</b>	(3,402)
Non-current portion	–	241	–	–
Movement in allowance accounts:				
At 1 January	<b>12,446</b>	20,418	–	–
Charge for the year (Note 7)	–	315	–	–
ECL adjustment to interest income	<b>624</b>	1,159	–	–
Written off during the year	<b>(838)</b>	(9,472)	–	–
Exchange	<b>(107)</b>	26	–	–
At 31 December	<b>12,125</b>	12,446	–	–

These amounts are unsecured and non-interest bearing except for loans to third parties which bear a weighted average interest rate at 7.5% (2019: 7.5%) per annum, repayable upon demand and to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 17. OTHER RECEIVABLES (CONT'D)

Deposits include an amount of US\$2,700,000 (2019: US\$2,700,000) paid under the sale and purchase agreement entered on 22 August 2019 in relation to the acquisition of a company ("Target Company") as part of the restructuring exercise ("Proposed Acquisition"). On 9 February 2021, the Company announced that notices of termination have been issued by the Company to the shareholders of the Target Company to terminate the agreement in relation to the Proposed Acquisition.

Loans to third parties included an amount of US\$864,000 (2019: US\$864,000) secured by investment securities owned by the borrower, and US\$8,180,000 (2019: US\$8,180,000) secured by shares of the borrower.

Included in other receivables is an amount of US\$202,000 (2019: Nil) relating to the Jobs Support Scheme (Note 5).

### Other receivables that were impaired

Other receivables that were individually impaired at the end of the reporting period mainly relate to long outstanding loans to third parties.

At the balance sheet date, the Group has provided a cumulative allowance of US\$8,868,000 (2019: US\$9,761,000) for impairment of loan to third parties with a nominal amount of US\$9,044,000 (2019: US\$9,937,000).

Other receivables denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar	1,777	1,737	55	49
Euro	65	76	–	–
Japanese Yen	176	143	–	–
Brunei Dollar	128	6	–	–
India Rupee	91	107	–	–

## 18. INVESTMENT SECURITIES

### Current:

At fair value through profit or loss  
– Equity securities (quoted) (Note 35)

### Non-current:

At fair value through other comprehensive income  
– Equity securities (unquoted) (Note 35)

	Group	
	2020 US\$'000	2019 US\$'000
Current:		
At fair value through profit or loss		
– Equity securities (quoted) (Note 35)	8	43
Non-current:		
At fair value through other comprehensive income		
– Equity securities (unquoted) (Note 35)	–	50

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 19. CASH AND BANK BALANCES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cash at banks and on hand	19,076	11,048	138	103
Short-term bank deposits	–	6,965	–	–
	<b>19,076</b>	18,013	<b>138</b>	103
Less: Cash pledged	<b>(1,435)</b>	(2,917)	–	–
Cash and bank balances in the consolidated cash flow statement	<b>17,641</b>	15,096	<b>138</b>	103

Cash at banks earns interest at floating rates based on daily bank deposit rates.

In 2019, short-term bank deposits were placed for varying periods up to three months, depending on the cash requirements of the Group, and earned interest at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2019 for the Group was 1.7% per annum.

Certain operating bank accounts of the subsidiaries are pledged to financial institutions for banking facilities granted to the Group. The amount of cash and bank balances that were not available for use was US\$1,435,000 (2019: US\$2,917,000).

Cash and bank balances denominated in foreign currencies at 31 December were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar	2,070	3,022	106	91
Indian Rupee	79	87	–	–
Brunei Dollar	154	17	–	–

## 20. TRADE PAYABLES

Trade payables are non-interest bearing and are normally settled immediately or on 60-day term.

Trade payables denominated in foreign currencies at 31 December were as follows:

	Group	
	2020 US\$'000	2019 US\$'000
Singapore Dollar	6,264	7,024
Malaysian Ringgit	10	91
Japanese Yen	316	344
Euro	159	639
Brunei Dollar	886	1,185
Saudi Riyal	508	131

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. OTHER LIABILITIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Current:				
Other payables	<b>8,482</b>	8,347	<b>7,234</b>	7,409
Deposits received	<b>1,253</b>	291	–	–
Amount due to shareholder of a subsidiary	<b>19,656</b>	19,264	–	–
Accrued operating expenses	<b>79,500</b>	63,674	<b>4,924</b>	3,362
Accrued tax expenses	<b>818</b>	331	–	–
Deferred gain on sale of vessels to joint ventures and associate	<b>1,075</b>	1,075	–	–
Advance billings to customers	<b>1,490</b>	1,651	–	–
Financial guarantee liabilities	<b>883</b>	648	<b>883</b>	648
	<b>113,157</b>	95,281	<b>13,041</b>	11,419
Non-current:				
Deferred gain on sale of vessels to joint ventures and associate	<b>11,717</b>	11,717	–	–
Total other liabilities	<b>124,874</b>	106,998	<b>13,041</b>	11,419

Other payables are non-interest bearing and are normally settled immediately or on 60-day term. Included in other payables is US\$7,104,000 (2019: US\$7,078,000) payable to banks on termination of cross-currency swaps which were derivatives previously designated for hedging the notes payables.

Included in other payables is an amount of US\$420,000 (2019: Nil) relating to the Jobs Support Scheme (Note 5).

Included in other payables was an amount of US\$284,000 (2019: US\$284,000) relating to capital grant payable that was previously classified as deferred capital grant by the Group. Deferred capital grant relates to government grant received for the acquisition of an equipment undertaken by the Group's subsidiary in Singapore to promote green technology. During 2019, the related vessel had been sold and the Group is required to return a total sum of US\$284,000. The remaining sum of US\$1,159,000 was recognised as deferred capital grant income (Note 5).

Included within accrued operating expenses are US\$68,694,000 (2019: US\$51,450,000) of accrued interest payables for bank facilities.

Deposits received relate to deposits collected from customers and from buyers for sale of vessels as at 31 December 2020 and deposits collected from customers as at 31 December 2019.

Amount due to shareholder of a subsidiary is unsecured, repayable on demand and bears interest rate at 3.36% (2019: 4.92%) per annum and are to be settled in cash.

Deferred gain on sale of vessels to joint ventures and associate are amortised to profit or loss when realised, such as upon disposal or depreciation of the vessels by the joint ventures and associate.

Advance billings to customers relate to the Group's obligation to transfer services to customers for which the Group has received advances from customers for charter of vessels.

During the financial year, the Company has recognised additional financial guarantee liabilities amounting to US\$235,000 (2019: US\$648,000) in relation to the corporate guarantee given for the borrowings of its associates (Note 33).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. OTHER LIABILITIES (CONT'D)

Significant changes in advance billings to customers are explained as follows:

	2020 US\$'000	2019 US\$'000
Revenue recognised that was included in the advance billings to customers balance at the beginning of the year	1,651	1,318
Advances received from customers but performance obligations not yet satisfied at the end of the year	1,490	1,651

On 1 January 2019, the carrying amount of advance billings to customers was US\$1,318,000.

Other liabilities denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar	17,453	14,425	3,397	3,120

## 22. PROVISIONS

	Group Reinstatement cost US\$'000
At 1 January 2019	238
Accretion expenses (Note 6)	2
Exchange	4
At 1 January 2020	244
Accretion expenses (Note 6)	2
Exchange	5
At 31 December 2020	251

Provision relates to reinstatement cost of buildings and was made based on the estimated cost of reinstating the leased premises when the leases expire in the year 2037, taking into consideration current market assessment of the time value of money.

## 23. AMOUNTS DUE TO RELATED COMPANIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Amounts due to associate	6,416	6,952	–	–
Amounts due to joint ventures	1,263	566	–	53
Amounts due to subsidiaries	–	–	236,818	218,527
	7,679	7,518	236,818	218,580
Amounts due to related companies comprised:				
Trade	1,344	1,120	–	–
Non-trade	6,335	6,398	–	1,293
Loans	–	–	236,818	217,287
	7,679	7,518	236,818	218,580

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. AMOUNTS DUE TO RELATED COMPANIES (CONT'D)

Amounts due to related companies are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amounts due to related companies denominated in foreign currency at 31 December were as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Singapore Dollar	–	–	140,583	130,217

## 24. BANK LOANS

	Group	
	2020 US\$'000	2019 US\$'000
Bank loans	397,094	409,971
Less: Current portion	(397,094)	(409,971)
Non-current portion	–	–

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with carrying amounts of US\$149,647,000 (2019: US\$181,425,000) (Note 10);
- First legal mortgages over assets held for sale of the Group, with carrying amounts of US\$1,225,000 (2019: US\$Nil) (Note 10);
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US\$38,226,000 (2019: US\$39,964,000) (Note 10);
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged shipyard; and
- Cash pledged of US\$1,435,000 (2019: US\$2,917,000) (Note 19).

In addition, an amount of US\$397,094,000 (2019: US\$409,971,000) of the Group's bank loans was secured by corporate guarantees from the Company.

Bank loans are repayable between 1 to 7 years (2019: 1 to 8 years), payable monthly or quarterly and bear interest. The weighted average interest rate on the bank loans was 2.88% (2019: 4.20%) per annum. Included in bank loans was an amount of US\$77,016,000 (2019: US\$77,257,000) denominated in SGD.

Included in the bank loans were 4 (2019: 5) revolving credit facilities amounting to a total of US\$93,391,000 (2019: US\$96,400,000), bearing interest at LIBOR + 3.0%, LIBOR + 1.75%, LIBOR + 2.0% and LIBOR + 2.0% (2019: COF + 2.5%, LIBOR + 3.0%, LIBOR + 1.75%, LIBOR + 2.0% and LIBOR + 2.0%) per annum respectively. These loans are secured by a charge over certain vessels of the Group and are repayable between December 2018 and September 2021 (2019: December 2018 and September 2021).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. BANK LOANS (CONT'D)

In 2017, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing as disclosed in Note 2.1.

During 2019 and 2020, the Group sold certain vessels that were mortgaged to banks. The sale proceeds were used to settle part of the outstanding bank loans. The remaining bank loans were forgiven by the banks, resulting in a gain on debt forgiveness of US\$13,329,000 (2019: US\$14,256,000) (Note 5).

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2020 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2020 US\$'000
			Foreign exchange US\$'000	Other US\$'000	
Bank loans – current	409,971	(3,765)	1,538	(10,650)	<b>397,094</b>

	1 January 2019 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2019 US\$'000
			Foreign exchange US\$'000	Other US\$'000	
Bank loans – current	443,021	(14,961)	1,117	(19,206)	409,971

The 'Other' column relates to debt forgiveness of bank loans (Note 5). In 2019, it also include a carrying amount of US\$4,950,000 for a mortgaged vessel from asset held for sale which was used to partly repay liabilities with a lender bank.

## 25. NOTES PAYABLE

	Group and Company	
	2020 US\$'000	2019 US\$'000
Current: SGD100 million	<b>75,660</b>	74,310

The notes payable were non-interest bearing (2019: non-interest bearing) and are listed on SGX-ST. Trading of the notes payable has been suspended since February 2018.

On 24 August 2018, the noteholders approved the terms of restructuring of the notes payable, including the extension of the maturity date of the notes payable from 29 August 2018 to 30 September 2019, subject to sanction of the Scheme by the Court and shareholders' approval.

On 11 October 2019, the noteholders approved the extension of the maturity date of the notes payable from 30 September 2019 to 31 March 2020 to allow time for the Group to complete its debt restructuring. On 26 March 2020, the Company announced that the redemption of the notes payable will not take place on 31 March 2020 as conditions for the redemption, in particular the proposed scheme of arrangement being sanctioned by the High Court and the necessary shareholders' approval in relation to the restructuring of the Group, have not been fulfilled.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 25. NOTES PAYABLE (CONT'D)

On 10 February 2021, the Company commenced a consent solicitation exercise to seek approval from the noteholders for the proposed restructuring of the notes payable. The Company proposed inter alia, to redeem the notes payable by way of issuing new ordinary shares in the capital of the Company ("Redemption Shares") to the noteholders on the basis of 4,518,400 Redemption Shares for every S\$250,000 in principal amount of notes payable held, and one Perpetual Security for every S\$250,000 in principal amount of notes payable held (the "Redemption"). The Redemption of the notes payable will be subject to shareholders approval. No quorum was present at the noteholders meeting held on 10 March 2021. The meeting was adjourned and will be reconvened on 16 April 2021.

## 26. LEASE LIABILITIES

	Group	
	2020 US\$'000	2019 US\$'000
Lease liabilities	9,074	9,589
Less: Current portion	(1,231)	(1,307)
Lease liabilities (Non-current portion)	<u>7,843</u>	<u>8,282</u>

A reconciliation of liabilities arising from financing activities is as follows:

	1 January 2020 US\$'000	Cash flows US\$'000	Non-cash changes		31 December 2020 US\$'000
			Foreign exchange US\$'000	Other US\$'000	
Lease liabilities					
– current	1,307	(203)	16	111	1,231
– non-current	8,282	–	134	(573)	7,843
Total	<u>9,589</u>	<u>(203)</u>	<u>150</u>	<u>(462)</u>	<u>9,074</u>

The 'Other' column relates to reclassification of non-current portion of finance lease obligations due to passage of time and reclassification with accounts payable upon billing by the lessors.

	1 January 2019 US\$'000	Cash flows US\$'000	Non-cash changes			31 December 2019 US\$'000
			Addition during the year US\$'000	Foreign exchange US\$'000	Other US\$'000	
Lease liabilities						
– current	863	(142)	342	(1)	245	1,307
– non-current	7,785	–	942	100	(545)	8,282
Total	<u>8,648</u>	<u>(142)</u>	<u>1,284</u>	<u>99</u>	<u>(300)</u>	<u>9,589</u>

The 'Other' column relates to reclassification of non-current portion of finance lease obligations due to passage of time and reclassification with accounts payable upon billing by the lessors.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 December relates to the following:

	Group			
	Balance sheet		Consolidated income statement	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
<b>Deferred tax liabilities:</b>				
Unremitted foreign sourced income	2,713	3,106	(393)	186
Deferred tax (writeback)/expense (Note 8)			(393)	186

	Group	
	2020 US\$'000	2019 US\$'000
Movement in deferred tax liabilities:		
At 1 January	3,106	2,920
(Writeback)/charge to profit or loss (Note 8)	(393)	186
At 31 December	2,713	3,106

### Unrecognised tax losses

At the end of the financial year, the Group has tax losses of approximately US\$13,796,000 (2019: US\$13,174,000) that are available for offset against future taxable profits of the companies in which the losses arose. No deferred tax asset is recognised on these losses due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

### Unrecognised temporary differences relating to investment in subsidiaries, joint ventures and associates

Temporary differences for which no deferred tax liability have been recognised aggregate to US\$ Nil (2019: US\$ Nil) as the Group determined that the undistributed earnings of its subsidiaries, joint ventures and associates will not be distributed in the foreseeable future. The joint ventures and associates of the Group cannot distribute their earnings until they obtain the consent of both the venturers and shareholders respectively. At the end of the financial year, the Group does not foresee giving such consent. The deferred tax liability is estimated to be US\$ Nil (2019: US\$ Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 28. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

	Group and Company			
	2020		2019	
	No. of shares '000	US\$ '000	No. of shares '000	US\$ '000
<i>Issued and fully paid ordinary shares:</i>				
Balance at the beginning and end of the year	<b>725,755</b>	<b>162,854</b>	725,755	162,854

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

### (b) Treasury shares

	Group and Company			
	2020		2019	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Balance at the beginning of the year	<b>(11,098)</b>	<b>(2,290)</b>	(12,029)	(2,485)
Reissued pursuant to employee share award plan				
– On vesting of employee share awards	<b>771</b>	–	931	–
– Transferred from employee share-based payments reserve (Note 29(b))	–	<b>65</b>	–	82
– Loss transferred to capital reserve (Note 29(e)(ii))	–	<b>90</b>	–	113
	<b>771</b>	<b>155</b>	931	195
Balance at end of the year	<b>(10,327)</b>	<b>(2,135)</b>	(11,098)	(2,290)

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company did not acquire any treasury shares during the financial year.

During the financial year, the Company reissued 771,000 (2019: 931,000) treasury shares pursuant to its employee share award plan at a total cost of US\$155,000 (2019: US\$195,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 29. OTHER RESERVES

### (a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations (including the Company) whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2020 US\$'000	2019 US\$'000
At 1 January	(1,712)	(1,008)
Net effect of exchange differences arising from translation of financial statements	(961)	(704)
Reclassification to profit or loss upon disposal of subsidiary	(75)	–
At 31 December	<b>(2,748)</b>	<b>(1,712)</b>

### (b) Employee share-based payments reserve

Employee share-based payments reserve represents the issuance of shares to employees and the performance share awards granted to employees (Note 30).

Share-based payments reserve is made up of:

- the difference between the fair value and purchase price of shares issued to employees; and
- cumulative value of services received from employees recorded over the vesting period commencing from the grant dates of the performance share awards.

	Group and Company	
	2020 US\$'000	2019 US\$'000
At 1 January	228	213
Grant of equity-settled share performance awards to employees (Note 30)	7	97
Treasury shares reissued pursuant to employee share award plan (Note 28(b))	(65)	(82)
At 31 December	<b>170</b>	<b>228</b>

### (c) Hedging reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

	Group	
	2020 US\$'000	2019 US\$'000
Balance at the beginning and end of the year	<b>114</b>	<b>114</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 29. OTHER RESERVES (CONT'D)

### (d) Defined benefit plan

The Group's subsidiary, PT Marine Engineering Services ("PT MES") had made long-term employee benefits liabilities that cover the minimum benefits required to be paid to qualified employees under Labor Law No. 13/2003 (the "Labor Law").

During the previous financial year, PT MES has paid out the employee benefits, with no further obligation as at year-end.

Changes in present value of the defined benefit obligations are as follow:

	<b>Group 2019 US\$'000</b>
As at 1 January	45
Benefits paid	(45)
At 31 December	—

### (e) Capital reserve

#### (i) Premium paid on acquisition of non-controlling interests

	<b>Group</b>	
	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
At 1 January	(6,581)	(3,179)
Acquisition of non-controlling interests without change in control (Note 11(b))	—	(3,402)
At 31 December	(6,581)	(6,581)

#### (ii) Gain or loss on reissuance of treasury shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	<b>Group and Company</b>	
	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
At 1 January	(143)	(30)
Treasury shares reissued pursuant to employee share award plan (Note 28(b))	(90)	(113)
At 31 December	(233)	(143)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 30. EMPLOYEE BENEFITS

Employee benefits expense (including directors):  
Salaries, wages and benefits  
Central Provident Fund contributions  
Share-based payments (Performance share plan) (Note 29(b))  
At 31 December

Group	
2020 US\$'000	2019 US\$'000
7,436	7,966
709	761
7	97
<b>8,152</b>	<b>8,824</b>

### Performance Share Plan

With effect from 2016, Performance Share Awards are given to selected employees of the Company and its subsidiaries. The awards are conditional upon the achievement of predetermined performance targets over the performance period, which is three years for the Performance Share Awards. For the awards granted on 28 July 2016 ("Grant 1"), 50% of the awards will vest in two years from the grant date and the remaining 50% of the awards will vest in three years from the grant date. For the awards granted on 14 November 2017 ("Grant 2"), 33% of the awards will vest in May 2018, 33% of the awards will vest in May 2019 and the remaining of the awards will vest in May 2020. The awards are settled by delivery of the Company's shares. The movements of the number of performance shares during the financial year were as follows:

Date of Grant	Outstanding as at 1 Jan '000	Granted during the financial year '000	Vested during the financial year '000	Cancelled during the financial year '000	Outstanding as at 31 Dec '000
<b>2020</b>					
14 November 2017	576	205	(771)	(10)	-
	<b>576</b>	<b>205</b>	<b>(771)</b>	<b>(10)</b>	<b>-</b>
<b>2019</b>					
28 July 2016	763	-	-	(763)	-
14 November 2017	1,286	324	(931)	(103)	576
	<b>2,049</b>	<b>324</b>	<b>(931)</b>	<b>(866)</b>	<b>576</b>

The fair values of the performance shares under Grant 1 are estimated using a Monte-Carlo simulation methodology at the measurement dates, which is the grant value date for these equity-settled awards, taking into account the terms and conditions upon which the awards were granted.

The following table lists the inputs to the option pricing models for Grant 1:

	Grant 1
Dividend yield (%)	4.55
Expected volatility (%)	2-year: 41.33 3-year: 41.64
Risk-free rate (%)	2-year: 1.49 3-year: 1.58
Share price at grant date (S\$)	<u>0.24</u>

The fair values of the performance shares under Grant 2 are based on the share price of the Company as at the date of grant.

During the financial year, 771,000 (2019: 931,000) share awards were vested under Grant 2, resulting in 771,000 (2019: 931,000) treasury shares being re-issued.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 31. RELATED PARTY TRANSACTIONS

### (a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2020 US\$'000	2019 US\$'000
<i>Income</i>		
Charter hire income:		
– Joint ventures	3,571	1,850
Ship repair income:		
– Associates	381	542
– Joint ventures	95	370
Interest income from:		
– Joint ventures	528	550
Management fee income from:		
– Joint ventures	425	327
Ship management fee income from:		
– Joint ventures	156	126
Miscellaneous income from:		
– Associates	–	1
– Joint ventures	218	245
<i>Expense</i>		
Charter hire expense and other cost of sales to:		
– Associates	255	787
– Joint ventures	1,139	201
Interest expense to:		
– A shareholder of a subsidiary	392	571

### (b) Compensation of key management personnel (including directors)

	Group	
	2020 US\$'000	2019 US\$'000
Short-term employee benefits	1,273	1,648
Central Provident Fund contributions	51	64
	<b>1,324</b>	<b>1,712</b>
<i>Comprise amounts paid to:</i>		
Directors of the Company	894	1,207
Other key management personnel	430	505
	<b>1,324</b>	<b>1,712</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 32. LEASES

### (a) Group as lessee

The Group has various lease contracts on land for office space and shipyard premises, plant and office equipment, and charter vessels used in its operations.

The lease agreements for the rental of land for its office and shipyard premises contain provisions for rental adjustments that are based on market rent conditions and expire in year 2037. The terms do not contain restrictions on the Group's activities concerning dividends, additional debts or entering into other leasing agreements.

The Group also has certain leases of plant and office equipment with low value and short-term leases for charter of vessels. The Group applies the 'lease of low-value assets and short-term lease' recognition exemption for these leases.

#### (i) Carrying amounts of right-of-use assets classified within property, plant and equipment

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land-use rights US\$'000	Group Plant and equipment US\$'000	Total US\$'000
As at 1 January 2019	7,984	782	8,766
Additions	631	–	631
Depreciation	(448)	(82)	(530)
Translation differences	103	20	123
As at 31 December 2019 and 1 January 2020	8,270	720	8,990
Depreciation	(448)	(86)	(534)
Translation differences	130	8	138
As at 31 December 2020	7,952	642	8,594

#### (ii) Lease liabilities

The carrying amounts of lease liabilities and the movements during the financial year are disclosed in Note 26 and the maturity analysis of lease liabilities is disclosed in Note 34(b).

#### (iii) Amounts recognised in profit or loss

	Group	
	2020 US\$'000	2019 US\$'000
Depreciation of right-of-use assets	534	530
Interest expense on lease liabilities (Note 6)	461	410
Lease expense not capitalised in lease liabilities:		
– Expense relating to short-term leases (included in cost of sales)	2,583	911
– Expense relating to leases of low-value assets (included in general and administrative expenses)	69	65
Total (Note 7)	2,652	976
Total amount recognised in profit or loss	3,647	1,916

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 32. LEASES (CONT'D)

### (a) Group as lessee (Cont'd)

#### (iv) Total cash outflow

During the financial year, the Group had total cash outflows for leases of US\$1,379,000 (2019: US\$468,000). The Group also had non-cash additions to right-of-use assets and lease liabilities of US\$631,000 in 2019.

### (b) Group as lessor

#### (i) Operating lease

The Group had entered into charter hire leases on its fleet of vessels. The leases have terms between 40 days and 5 years (2019: 2 days and 5 years), and varying renewal rights, including extension and termination options.

The future minimum lease receivables under leases that are non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables were as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Not later than one year	<b>9,036</b>	14,900
Later than one year but not later than five years	<b>3,735</b>	9,770
	<b>12,771</b>	24,670

#### (ii) Finance lease

Details of such lease receivables are disclosed in Note 14 and Note 17.

### (c) Group as intermediate lessor (sublease)

In 2019, the Group had entered into sublease arrangement where it re-leased some external party's vessels to third party while the lease between the vessel owner and the Group remains in effect. The sublease was classified as a finance lease.

Set out below are the carrying amounts of lease receivables (classified as 'other receivables') and lease liabilities and the movements during the period:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
As at 1 January	<b>589</b>	–
Additions	–	701
Accretion of interest	<b>18</b>	8
Reclassification to trade receivables and payables	<b>(366)</b>	(120)
As at 31 December	<b>241</b>	589
Current	<b>241</b>	348
Non-current	–	241

The maturity analysis of lease liabilities is disclosed in Note 34(b).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 33. CONTINGENT LIABILITIES

As at the end of the financial year, the Company had issued corporate guarantees to banks for granting banking facilities to certain subsidiaries, joint ventures and associates.

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Corporate guarantees given for the borrowings of:				
– Subsidiaries	–	–	<b>397,094</b>	409,971
– Joint ventures	<b>19,835</b>	19,754	<b>14,130</b>	14,130
– Associates	<b>3,576</b>	4,055	<b>3,576</b>	4,055
	<b>23,411</b>	23,809	<b>414,800</b>	428,156

Amounts included in other liabilities in respect of the guarantees are disclosed in Note 21 to the financial statements.

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs.

In 2017, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing. The Court has granted Pacific Radiance and other entities of the Group moratoria under section 211(B)(1) of the Companies Act. The moratoria have been extended to 30 April 2021 to allow more time for discussions with bank lenders. Depending on the progress of the restructuring, the Group may seek further extension of the moratoria at the next hearing. In the event that the moratoria are not extended, the banks are entitled to enforce their rights against the corporate guarantees.

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees on policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its contractual obligations. The Group's exposure to credit risk arises primarily from trade receivables, other receivables and amounts due from related companies. For other financial assets (including cash and bank balances and investment securities), the Group minimises credit risk by trading with recognised and credit worthy third parties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

The Group has determined the default event on a financial asset to be when oil price stays below US\$40 per barrel for a consecutive 12-month period. Under such a scenario, the Group expects an increase in the expected credit loss due to higher probability of default by customers.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer or borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the customer or borrower
- Significant increases in credit risk on other financial instruments of the same customer or borrower
- Significant changes in the value of the collateral supporting the obligation
- Significant changes in the expected performance and behaviour of the customer or borrower, including changes in the payment status of customers or borrowers in the group and changes in the operating results of the customer or borrower.

The Group also determines that there is a significant increase in credit risk if a customer or borrower is more than 180 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the customer or borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the customer or borrower will enter bankruptcy or other financial reorganisation.

The Group considers categorising a loan or receivable for potential write-off when a customer or borrower fails to make contractual payments more than a year past due. Financial assets are written off when there is no reasonable expectation of recovery. When loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

#### (i) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 December 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast in recovery of oil prices, leading to a decrease in number of defaults.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

#### (i) Trade receivables (cont'd)

Summarised below is the information about the credit risk exposure on the Group's trade receivables (excluding unbilled trade receivables).

	Total US\$'000	Current US\$'000	< 60 days US\$'000	60 to 90 days US\$'000	> 90 days US\$'000
<b>2020</b>					
Gross carrying amount	31,394	5,459	7,032	1,198	17,705
Loss allowance provision	13,917	–	–	–	13,917
<b>2019</b>					
Gross carrying amount	37,574	9,387	7,876	964	19,347
Loss allowance provision	11,041	–	–	–	11,041

Included in the loss allowance provision is US\$70,000 (2019: US\$136,000) relating to expected credit loss provided using the provision matrix. In addition to the provision matrix, the Group also provide for expected credit loss for trade receivables due from debtors that were in significant financial difficulties and had defaulted on payments. The loss allowance provision for trade receivables as at 31 December reconciles to the opening loss allowance as follows:

	<b>Group</b>	
	<b>2020 US\$'000</b>	<b>2019 US\$'000</b>
At 1 January	11,041	12,010
Loss allowance measure at:		
Lifetime ECL		
– Based on provision matrix	(66)	68
– Credit impaired as at reporting date	3,277	156
Write back of allowance	–	(74)
Written off during the year	(349)	(1,117)
Exchange difference	14	(2)
At 31 December	<b>13,917</b>	11,041

Information regarding loss allowance movement of trade receivables are disclosed in Note 16.

#### (ii) Other receivables at amortised cost

The Group provides for lifetime expected credit loss for other receivables using the probability of default approach. In determining ECL for other receivables, the Group considers events such as significant adverse changes in financial conditions of the debtors and determined that significant increase in credit risk occur when there is changes in the risk that the specific debtor will default on the payments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

#### (ii) Other receivables at amortised cost (cont'd)

The loss allowance provision for other receivables at amortised cost as at 31 December reconciles to the opening loss allowance provision as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January	<b>12,446</b>	20,418
Loss allowance measure at:		
Lifetime ECL		
– Credit impaired as at reporting date	<b>624</b>	1,474
Written off during the year	<b>(838)</b>	(9,472)
Exchange difference	<b>(107)</b>	26
At 31 December	<b>12,125</b>	12,446

Information on gross amount of other receivables is disclosed in Note 17. The Group does not have significant other receivables at amortised cost.

#### (iii) Amounts due from related companies at amortised cost

The Group provides for lifetime expected credit losses for trade amounts due from related companies based on a provision matrix similar to allowance for trade receivables. The Group compute expected credit loss for non-trade amounts and loans due from related companies using the probability of default approach. In determining this ECL, the Group considers events such as significant adverse changes in financial conditions and changes in the operating results of the related companies and determined that significant increase in credit risk occur when there is changes in the risk that the specific related company will default on the payments.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for the amounts due from related companies excluding trade related is as follows:

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>	<b>Basis for calculating interest revenue</b>
Grade I	Related companies have a low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses	Gross carrying amount
Grade II	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due.	Lifetime expected credit losses	Gross carrying amount
Grade III	Interest and/or principal repayments are 270 days past due and management assessed that there is no reasonable expectation of recovery.	Lifetime expected credit losses	Amortised cost of carrying amount (net of credit allowance)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

#### (iii) Amounts due from related companies at amortised cost (cont'd)

The loss allowance provision for amounts due from related companies at amortised cost as at 31 December reconciles to the opening loss allowance provision as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
At 1 January	89,660	78,189	276,337	264,255
Loss allowance measure at:				
Lifetime ECL				
– Provision matrix	(68)	23	–	–
– Credit impaired as at reporting date	17,324	11,644	1,521	10,471
Written off during the year	(5,999)	(265)	–	–
Exchange difference	165	69	2,374	1,611
At 31 December	<b>101,082</b>	89,660	<b>280,232</b>	276,337

Information on gross amounts of amounts due from related companies is disclosed in Note 14.

#### **Exposure to credit risk**

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk was represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets.
- Corporate guarantees provided by the Group and Company (Note 33).

#### **Credit risk concentration profile**

The Group determines concentrations of credit risk by monitoring the ageing profile of its 5 major customers. At the balance sheet date, approximately 84% (2019: 58%) of the Group's trade receivables were due from 5 major customers.

	Total US\$'000	Current US\$'000	< 60 days US\$'000	60 to 90 days US\$'000	> 90 days US\$'000
<b>2020</b>					
Top 5 customers	15,780	3,561	5,551	608	6,060
<b>2019</b>					
Top 5 customers	16,673	5,326	5,469	250	5,628

63% (2019: 61%) of the Group's financial instruments at amortised cost were due from related companies while almost all of the Company's financial instruments at amortised cost were due from related parties.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (Cont'd)

(iii) Amounts due from related companies at amortised cost (cont'd)

#### **Financial assets that were neither past due nor impaired**

Trade and other receivables that were neither past due nor impaired were with creditworthy debtors with good payment record with the Group. Cash and short-term deposits, cash in holding accounts and derivatives that were neither past due nor impaired were placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### **Financial assets that were either past due or impaired**

Information regarding financial assets that were either past due or impaired was disclosed in Note 16 (Trade receivables), Note 17 (Other receivables) and Note 14 (Amounts due from related companies).

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group is in discussion with its bank lenders, noteholders and potential investors in relation to the restructuring of the Group's borrowings and capital structure (see Notes 24 and 25).

#### **Analysis of financial liabilities by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
<b>Group</b>				
<b>2020</b>				
<b>Financial liabilities:</b>				
Trade payables and other liabilities	120,851	–	–	120,851
Amounts due to related companies	7,679	–	–	7,679
Bank loans	408,059	–	–	408,059
Notes payable	75,660	–	–	75,660
Lease liabilities	1,596	2,652	7,955	12,203
Total undiscounted financial liabilities	613,845	2,652	7,955	624,452
<b>2019</b>				
<b>Financial liabilities:</b>				
Trade payables and other liabilities	109,549	–	–	109,549
Amounts due to related companies	7,518	–	–	7,518
Bank loans	426,881	–	–	426,881
Notes payable	74,310	–	–	74,310
Lease liabilities	1,693	2,847	8,465	13,005
Total undiscounted financial liabilities	619,951	2,847	8,465	631,263



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk (Cont'd)

#### *Analysis of financial liabilities by remaining contractual maturities (Cont'd)*

	One year or less US\$'000	Total US\$'000
<b>Company</b>		
<b>2020</b>		
<b>Financial liabilities:</b>		
Other liabilities	13,124	13,124
Amounts due to related companies	236,818	236,818
Notes payable	75,660	75,660
Total undiscounted financial liabilities	<b>325,602</b>	<b>325,602</b>
<b>2019</b>		
<b>Financial liabilities:</b>		
Other liabilities	11,618	11,618
Amounts due to related companies	218,580	218,580
Notes payable	74,310	74,310
Total undiscounted financial liabilities	<b>304,508</b>	<b>304,508</b>

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities. The maximum amount of the corporate guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	One year or less US\$'000
<b>2020</b>	
<b>Group</b>	
Corporate guarantees	<b>23,411</b>
<b>Company</b>	
Corporate guarantees	<b>414,800</b>
<b>2019</b>	
<b>Group</b>	
Corporate guarantees	23,809
<b>Company</b>	
Corporate guarantees	428,156

### (c) Interest rate risk

Interest rate risk is the risk that the future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank loans.

#### *Sensitivity analysis for interest rate risk*

At the balance sheet date, if USD interest rates had been 75 (2019: 75) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been US\$2,942,000 (2019: US\$3,037,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate bank loans. The analysis was performed on the same basis as prior year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily USD.

The Group's financial results can be affected by movements in the USD/SGD exchange rates arising from the portion of cost of sales and operating expenses that are denominated in SGD.

#### *Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD exchange rates against the USD, with all other variables held constant. The analysis was performed on the same basis for 2019.

		<b>Group Loss before tax</b>	
		<b>2020</b>	<b>2019</b>
		<b>US\$'000</b>	<b>US\$'000</b>
USD/SGD	– strengthened 3% (2019: 3%)	<b>5,318</b>	5,075
	– weakened 3% (2019: 3%)	<b>(5,318)</b>	(5,075)

## 35. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

### (i) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

### (ii) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2020 US\$'000		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
<b>Group</b>			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss (Note 18)</u>			
Quoted equity securities	8	–	8
<u>Equity securities at FVOCI (Note 18)</u>			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2020	<b>8</b>	<b>–</b>	<b>8</b>

	2019 US\$'000		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
<b>Group</b>			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss (Note 18)</u>			
Quoted equity securities	43	–	43
<u>Equity securities at FVOCI (Note 18)</u>			
Unquoted equity securities	–	50	50
Financial assets as at 31 December 2019	<b>43</b>	<b>50</b>	<b>93</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

### (iii) Financial instruments whose carrying amounts are reasonable approximation of fair value

- (a) Trade and other receivables, trade payables and other liabilities, amounts due from/(to) related companies, cash and bank balances and cash pledged.

The carrying amounts of these balances approximate fair values due to their short-term nature.

- (b) Bank loans at floating rate, amounts due from related companies, notes payable and lease liabilities.

The carrying value of the bank loans approximate fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease liabilities, amounts due from related companies and notes payable approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

#### *Financial instruments by category*

Set below is a comparison by category of the carrying amount of all the Group and Company's financial instruments that were carried in the financial statements.

	Financial assets at amortised cost US\$'000	Financial assets at fair value through profit or loss US\$'000	Financial assets at fair value through OCI US\$'000
<b>Group 2020</b>			
<b>Assets</b>			
Trade receivables	18,747	–	–
Other receivables	4,942	–	–
Amounts due from related companies	73,810	–	–
Investment securities	–	8	–
Cash and bank balances	19,076	–	–
	<b>116,575</b>	<b>8</b>	<b>–</b>
<b>2019</b>			
<b>Assets</b>			
Trade receivables	28,931	–	–
Other receivables	6,095	–	–
Amounts due from related companies	85,781	–	–
Investment securities	–	43	50
Cash and bank balances	18,013	–	–
	<b>138,820</b>	<b>43</b>	<b>50</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

- (iii) **Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)**

*Financial instruments by category (Cont'd)*

	<b>Financial liabilities at amortised cost US\$'000</b>
<b>Group 2020</b>	
<b>Liabilities</b>	
Trade payables	12,642
Other liabilities	107,354
Amounts due to related companies	7,679
Bank loans	397,094
Notes payable	75,660
Lease liabilities	9,074
	<b>609,503</b>
<b>2019</b>	
<b>Liabilities</b>	
Trade payables	17,182
Other liabilities	91,649
Amounts due to related companies	7,518
Bank loans	409,971
Notes payable	74,310
Lease liabilities	9,589
	<b>610,219</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 35. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

- (iii) **Financial instruments whose carrying amounts are reasonable approximation of fair value (Cont'd)**

*Financial instruments by category (Cont'd)*

	<b>Financial assets at amortised cost US\$'000</b>
<b>Company 2020</b>	
<b>Assets</b>	
Other receivables	2,700
Amounts due from related companies	149,323
Cash and bank balances	138
	<b>152,161</b>
<b>2019</b>	
<b>Assets</b>	
Other receivables	3,353
Amounts due from related companies	137,682
Cash and bank balances	103
	<b>141,138</b>
	<b>Financial liabilities at amortised cost US\$'000</b>
<b>Company 2020</b>	
<b>Liabilities</b>	
Other liabilities	12,158
Amounts due to related companies	236,818
Notes payable	75,660
	<b>324,636</b>
<b>2019</b>	
<b>Liabilities</b>	
Other liabilities	10,771
Amounts due to related companies	218,580
Notes payable	74,310
	<b>303,661</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 36. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure it maintains a strong credit rating and healthy capital ratios in order to support its business, maximise shareholder value and fulfil its financing commitments. No changes were made in the objectives during the years ended 31 December 2020 and 31 December 2019.

The Group's capital management strategy includes a mix of debt and equity which is aligned to the Group's current business strategies. The Group monitors capital mainly using a gearing ratio, which is net debt divided by total equity attributable to equity holders of the company. The Group defines net debt as bank loans and notes payable, less cash and bank balances. This is monitored regularly to ensure compliance to debt covenants.

In 2017, the Group breached certain terms of the banks loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Discussions with bank lenders and potential investors are still ongoing.

Refer to Note 2.1 for more information on the restructuring.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Bank loans	<b>397,094</b>	409,971
Notes payable	<b>75,660</b>	74,310
Less: Cash and bank balances	<b>(19,076)</b>	(18,013)
Net debt	<b>453,678</b>	466,268
Equity attributable to the equity holders of the Company	<b>(290,177)</b>	(230,503)
Gearing ratio (%)	<b>NM</b>	NM

NM – not meaningful

## 37. SEGMENT INFORMATION

For management purposes, the Group is organised into three main operating business divisions based on their services and products:

- I. The Offshore Support Services business is engaged in owning, managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.
- II. The Subsea Business is engaged in owning, chartering and operating dive support vessels, and provision of subsea inspection, repair, maintenance and light construction services; and
- III. The Shipyard Business is engaged in ship-repair activities.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations. Income taxes are managed on a group basis and are not allocated to operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. SEGMENT INFORMATION (CONT'D)

In presenting geographical information, segment revenue is based on the location in which the services are performed.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Per consolidated financial statements US\$'000
<b>2020</b>				
<b>Revenue:</b>				
Sales	59,930	4,228	6,541	70,699
Inter-segment sales (Note A)	(5,209)	–	(1,970)	(7,179)
Sales to external customers	<b>54,721</b>	<b>4,228</b>	<b>4,571</b>	<b>63,520</b>
<b>Results:</b>				
Interest income	488	74	–	562
Finance costs	(18,369)	(264)	(2,107)	(20,740)
Depreciation and amortisation	(10,351)	(2,337)	(2,849)	(15,537)
Share of results of joint ventures	568	–	–	568
Share of results of associates	–	–	–	–
Impairment of property, plant and equipment	(19,984)	(3,229)	–	(23,213)
Impairment of assets held for sale	(43)	–	–	(43)
Other non-cash expenses (Note B)	(15,926)	(5,010)	9	(20,927)
Segment loss	<b>(41,689)</b>	<b>(11,209)</b>	<b>(4,652)</b>	<b>(57,550)</b>
<b>Segment assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	4,700	110	5	4,815
Segment assets	<b>210,885</b>	<b>66,482</b>	<b>51,921</b>	<b>329,288</b>
<b>Segment liabilities</b>	<b>548,969</b>	<b>17,262</b>	<b>64,978</b>	<b>631,209</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 37. SEGMENT INFORMATION (CONT'D)

	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Per consolidated financial statements US\$'000
<b>2019</b>				
<b>Revenue:</b>				
Sales	55,664	15,352	7,470	78,486
Inter-segment sales (Note A)	(1,371)	(24)	(2,333)	(3,728)
Sales to external customers	54,293	15,328	5,137	74,758
<b>Results:</b>				
Interest income	707	–	32	739
Finance costs	(23,843)	(221)	(1,776)	(25,840)
Depreciation and amortisation	(10,859)	(2,761)	(3,097)	(16,717)
Share of results of joint ventures	219	–	–	219
Share of results of associates	–	–	–	–
Impairment of property, plant and equipment	(26,412)	(9,105)	(3,532)	(39,049)
Other non-cash expenses (Note B)	(8,066)	(6,857)	(2)	(14,925)
Segment loss	(60,464)	(11,975)	(9,867)	(82,306)
<b>Segment assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	3,012	–	–	3,012
Additions to non-current assets (Note C)	6,583	971	631	8,185
Segment assets	251,894	80,678	55,261	387,833
<b>Segment liabilities</b>				
	548,997	19,158	62,128	630,283

Note A: Inter-segment sales are eliminated on consolidation.

Note B: Other non-cash expenses consist of impairment of joint ventures and associates, financial assets and club membership as presented in the respective notes to financial statements.

Note C: Additions to non-current assets consist of additions to property, plant and equipment.

### Geographical information

Revenue is based on the geographical location in which the services are performed. Non-current assets are based on the geographical location of the companies that own the assets:

	Revenue		Non-current assets	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Asia <sup>(1)</sup>	46,097	61,056	209,439	243,619
Middle East	16,581	13,702	–	–
Latin America	662	–	–	–
Africa	180	–	–	–
	63,520	74,758	209,439	243,619

(1) Asia includes Brunei, Malaysia, Myanmar, Singapore and Thailand.

Included in revenue from Asia is an amount of US\$6,430,000 (2019: US\$5,548,000) relating to revenue from Singapore.

Non-current assets information presented above consists of property, plant and equipment and club memberships as presented in the consolidated balance sheet.

# **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2020

## **37. SEGMENT INFORMATION (CONT'D)**

### **Geographical information (Cont'd)**

Included in non-current assets from Asia is an amount of US\$199,539,000 (2019: US\$234,293,000) relating to non-current assets from Singapore.

#### *Information about major customers*

For the financial year ended 31 December 2020, revenue from 4 major customers of the Offshore Support Services Business amounted to US\$33,790,000. For the financial year ended 31 December 2019, revenue from 1 major customer of the Offshore Support Services Business and 1 major customer of the Subsea Business amounted to US\$19,466,000 and US\$9,266,000 respectively.

As the Group performs analysis of geographical segment revenue based on a regional/continent basis instead of by individual country, it is more meaningful and relevant to view the regional spread based on groupings of countries making up key regions/continents for the oil and gas activities.

## **38. SUBSEQUENT EVENTS**

On 10 February 2021, the Company commenced a consent solicitation exercise to seek approval from the noteholders for the proposed restructuring of the notes payable. The Company proposed inter alia, to redeem the notes payable by way of issuing new ordinary shares in the capital of the Company ("Redemption Shares") to the noteholders on the basis of 4,518,400 Redemption Shares for every S\$250,000 in principal amount of notes payable held, and one Perpetual Security for every S\$250,000 in principal amount of notes payable held (the "Redemption"). The Redemption of the notes payable will be subject to shareholders approval. No quorum was present at the noteholders meeting held on 10 March 2021. The meeting was adjourned and will be reconvened on 16 April 2021.

The Group had entered into a settlement agreement with a lender bank during the year which stipulated that the Group shall pay the lender bank the net proceeds from sale of certain mortgaged vessels and the remaining obligations owing by the Group to the lender bank shall be released. Some of the mortgaged vessels were sold during the year and the remaining ones were classified as assets held for sale as at year end. The assets held for sale of US\$931,000 had been sold subsequently. On 25 March 2021, the lender bank had discharged and released the mortgages for these vessels, together with the remaining obligations of the Group. Arising from the settlement, the Group will derecognise bank loans and associated accrued interest payables of US\$10,663,000 against cash held with the lender bank of US\$1,433,000, and recognise a net gain on debt forgiveness of US\$9,230,000 for financial year ending 31 December 2021.

The Company and its associate had entered into a settlement agreement with a lender bank during the year which stipulated that the associate shall pay the lender bank the net proceeds from the sale of certain mortgaged vessels and the remaining obligations owing by the associate and the Company as corporate guarantor shall be released. Subsequent to year end, the associate completed the sale of those vessels and paid the net proceeds to the lender bank. On 22 March 2021, the lender bank had discharged and released the mortgages for those vessels and the Company from its obligations under the corporate guarantee for US\$1,750,000.

## **39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE**

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 7 April 2021.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

## SHARE CAPITAL

Class of shares	:	Ordinary Shares
Number of issued and paid-up shares (excluding Treasury Shares)	:	715,428,013
Number of Treasury Shares	:	10,327,000
Number of subsidiary holdings	:	–
Number (Percentage) of Treasury Shares to total number of issued shares excluding Treasury Shares	:	1.44%
Voting rights (excluding Treasury Shares)	:	One vote per share

## DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of holders of shares	%	No. of Shares	%
1 – 99	3	0.12	115	0.00
100 – 1,000	144	5.68	133,000	0.02
1,001 – 10,000	1,044	41.17	6,244,809	0.87
10,001 – 1,000,000	1,324	52.20	85,154,784	11.90
1,000,001 and above	21	0.83	623,895,305	87.21
<b>Total</b>	<b>2,536</b>	<b>100.00</b>	<b>715,428,013</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders

Name of Shareholders	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
YM InvestCo Pte. Ltd.	465,470,000	65.06	–	–
Pang Yoke Min	20,142,444	2.82	465,470,000 <sup>(1)</sup>	65.06
Mok Weng Vai	46,911,256	6.56	–	–

(1) Mr. Pang Yoke Min is deemed to be interested in the 465,470,000 shares held by YM InvestCo Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act as he and his associates hold 100.0% of the shares in YM InvestCo Pte. Ltd.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

## LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	436,842,084	61.06
2	DBS NOMINEES PTE LTD	54,331,300	7.59
3	MOK WENG VAI	46,911,256	6.56
4	YONG YIN MIN	27,623,000	3.86
5	PANG YOKE MIN	20,142,444	2.82
6	CITIBANK NOMINEES SINGAPORE PTE LTD	5,379,300	0.75
7	MAYBANK KIM ENG SECURITIES PTE. LTD	4,524,751	0.63
8	LIM CHAP HUAT	4,400,000	0.62
9	FREDDIE TAN POH CHYE	3,099,000	0.43
10	PHILLIP SECURITIES PTE LTD	2,896,700	0.40
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,533,900	0.35
12	UOB KAY HIAN PTE LTD	2,221,500	0.31
13	OCBC NOMINEES SINGAPORE PTE LTD	1,672,400	0.23
14	S NALLAKARUPPAN	1,658,400	0.23
15	KGI SECURITIES (SINGAPORE) PTE. LTD	1,655,300	0.23
16	MARC-PLAN PTE LTD	1,650,000	0.23
17	LAU BOON HWEE	1,624,970	0.23
18	TAN SIANG SENG	1,390,000	0.19
19	LIM AND TAN SECURITIES PTE LTD	1,183,600	0.17
20	OCBC SECURITIES PRIVATE LTD	1,086,500	0.15
	Total:	622,826,405	87.04

## SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 31 March 2021, approximately 20.80% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

## Important Notes to Shareholders

1. Printed copies of this Notice of Annual General Meeting ("AGM") and the Proxy Form will be despatched to Shareholders. This Notice of AGM has also been made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.pacificradiance.com>.
2. Printed copies of the Annual Report 2020 will **NOT** be sent to Shareholders. Instead, the soft copy of the Annual Report 2020 will be made available for viewing and download on the SGX-ST's website at the URL <https://www.sgx.com/securities/annual-reports-related-documents> and on the Company's website at the URL <https://pacificradiance.listedcompany.com/ar.html>.

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("AGM") of the Company will be held at 15 Pandan Road, Singapore 609263 and by way of electronic means on Thursday, 29 April 2021 at 10.00 AM to transact the following businesses:-

## AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' Statement and the Independent Auditors' Report thereon.  
*(See explanatory note 1)*
2. To approve the Directors' fees of S\$395,000 for the financial year ending 31 December 2021. **(Resolution 1)**
3. To re-elect the following Directors who are retiring pursuant to Regulation 89 of the Company's Constitution, and being eligible, offered themselves for re-election:-  

(a)	Mr. Pang Yoke Min	<b>(Resolution 2)</b>
(b)	Mr. Pang Wei Meng	<b>(Resolution 3)</b>

*(See explanatory note 2)*
4. To re-appoint Messrs. Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

5. Authority to allot and issue shares
  - (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
    - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
    - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to, the creation and issue of warrants, debentures or other instruments convertible into shares;
    - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

## NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;
- (a) new shares arising from the conversion or exercise of convertible securities,
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

*(See explanatory note 3)*

**(Resolution 5)**

6. Authority to grant awards and issue shares under the Pacific Radiance Performance Share Plan

"That approval be and is hereby given to the Directors of the Company to:

- (a) grant awards in accordance with the provisions of the Pacific Radiance Performance Share Plan (the "**Performance Share Plan**"); and
- (b) allot and issue such number of ordinary shares in the capital of the Company as may be required to be delivered pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of new shares to be issued under the Performance Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

*(See explanatory note 4)*

**(Resolution 6)**

7. That subject to approval by Tier-1 Shareholders for this resolution and passing of Resolution 7B, Mr. Yong Yin Min who has served as an Independent Director of the Company for an aggregate period of more than nine years from the date of his first appointment as director, to continue in office as an Independent Director of the Company, for a three-year term, with effect from the date of passing of these resolutions until the earlier of his retirement or resignation; or the conclusion of the third AGM following the passing of these resolutions, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect on 1 January 2022.

*(See explanatory note 5)*

**(Resolution 7A)**

# NOTICE OF ANNUAL GENERAL MEETING

That subject to approval by Tier-2 Shareholders for this resolution and passing of Resolution 7A, Mr. Yong Yin Min who has served as an Independent Director of the Company for an aggregate period of more than nine years from the date of his first appointment as director, to continue in office as an Independent Director of the Company, for a three-year term, with effect from the date of passing of these resolution until the earlier of his retirement or resignation; or the conclusion of the third AGM following the passing of these resolutions, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect on 1 January 2022.

(See explanatory note 5)

(Resolution 7B)

BY ORDER OF THE BOARD

Lin Moi Heyang  
Company Secretary

14 April 2021

#### EXPLANATORY NOTES:-

1. This Agenda is meant for discussion only as under the provisions of Section 201 of the Companies Act, Chapter 50, the Audited Financial Statements need to be laid before the meeting and hence, the matter will not be put forward for voting.
2. Key information on the retiring directors can be found on pages 36 to 42 of the Annual Report.
3. The ordinary resolution no. 5 is to authorise the Directors of the Company from the date of this AGM until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of total number of shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
4. The ordinary resolution no. 6 is to authorise the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant awards under the Performance Share Plan, and to allot and issue shares in the capital of the Company pursuant to the Performance Share Plan provided that the aggregate number of shares to be issued under the Performance Share Plan does not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time.
5. Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer.

Mr. Yong Yin Min was appointed as a Director of the Company since 15 November 2006.

The ordinary resolutions nos. 7A and 7B, if passed, will allow Mr. Yong Yin Min, who has served as an Independent Director of the Company for an aggregate period of more than nine years from the date of his first appointment as Director, to continue in office as an Independent Director for a three-year term, with effect from the date of passing of these resolutions until the earlier of his retirement or resignation; or the conclusion of the third AGM following the passing of these resolutions.

Ordinary resolution 7A is to be voted by Tier-1 Shareholders and ordinary resolution 7B is to be voted by Tier-2 Shareholders as follows:-

- a. Tier-1 Shareholders: All shareholders
- b. Tier-2 Shareholders: All shareholders, excluding shareholders who also serve as the Directors or the Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer.

Mr. Yong will be re-designated as a Non-executive Non-independent Director by 31 December 2021, in the event that the ordinary resolution 7 is not carried at the AGM of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## IMPORTANT NOTICE:-

1. The AGM will be held at 15 Pandan Road, Singapore 609263 pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. **Pre-registration Requirements Applicable to all Shareholders and Investors**

All Shareholders and investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF investors, SRS investors and holders under depository agents) ("**Investors**") who wish to attend the AGM are required to pre-register at the URL <https://complete-corp.com/pacific-radiance-agm/> from now till 26 April 2021, 10.00 AM, to enable the Company to verify their status ("**Pre-Registration Timeline**").

All Shareholders and Investors who have pre-registered by the Pre-Registration Timeline but fail to receive any confirmation email in relation to their attendance of the AGM by 28 April 2021, 3.00 PM, should immediately contact Complete Corporate Services Pte Ltd at [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com).

3. **Attending the AGM Physically**

**Due to the current COVID-19 restriction orders in Singapore, the Company will restrict the number of in-person attendees at the AGM by imposing a limit of 30 Shareholders and Investors to be accommodated at the AGM.** It should be noted that this limit for in-person attendees at the AGM may be subject to change taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.

### Successful Registration:

Following the verification by the Company, authenticated Shareholders and Investors who are successful in the pre-registration for their in-person attendance for the AGM will by 28 April 2021, 3.00 PM, receive:

- a confirmation email for the AGM containing details instructions on attending the AGM physically (the "**Confirmation Email for Attending AGM Physically**").

Shareholders or Investors who have received the Confirmation Email for Attending AGM Physically will be required to bring their original NRIC/Passport for registration on the day of the AGM. Shareholders or Investors who did not receive any Confirmation Email for Attending AGM Physically will not be allowed entry into the AGM.

### Unsuccessful Registration:

Following the verification by the Company, authenticated Shareholders and Investors who are unsuccessful in the pre-registration for their in-person attendance for the AGM due to excess demand will by 28 April 2021, 3.00 PM, receive:-

- a confirmation email for attending the AGM virtually, containing the instructions to access the live audio-visual webcast and live audio-only feed of the AGM proceedings and submit questions during the AGM via the online chat box function (the "**Confirmation Email for Attending AGM Virtually**") which can be used to attend the AGM.

### Change in Registration:-

Shareholders or Investors who have successfully registered for attending the AGM physically but will be unable to attend the AGM in-person due to unforeseen reasons may opt to re-register for attending the AGM virtually by the Pre-Registration Timeline or contact Complete Corporate Services Pte Ltd at [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com) for any assistance in the event the Pre-Registration Timeline has passed.

4. **Attending the AGM Virtually**

Following the verification by the Company, authenticated Shareholders and Investors who are successful in the pre-registration for attending the AGM virtually will by 28 April 2021, 3.00 PM receive a Confirmation Email for Attending the AGM Virtually.

Instructions on how to access the live audio-visual webcast and live audio-only feed of the AGM proceedings and submit questions during the AGM via the online chat box function will be provided in the Confirmation Email for Attending the AGM Virtually.

5. **Question and Answer**

### Submission of Questions in Advance of the AGM:

Shareholders and Investors may submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM via the following manner by 26 April 2021, 10.00 AM:-

- a. if submitted in hard copy by post, be deposited at the office of the Company at 15 Pandan Road, Singapore 609263; or
- b. if submitted electronically, by email to [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com); or
- c. via the pre-registration website at the URL <https://complete-corp.com/pacific-radiance-agm/>.

Shareholders and Investors who submit questions must provide the following information for authentication:-

1. Shareholder/Investor's full name;
2. Shareholder/Investor's identification number;
3. Shareholder/Investor's address; and
4. the manner in which the Shareholder/Investor holds shares in the Company (e.g. via CDP, CPF or SRS).



# NOTICE OF ANNUAL GENERAL MEETING

## Submission of Questions During the AGM:

Shareholders and Investors who wish to ask questions should note the following:

- (i) if you are attending the AGM in-person, you will be able to raise questions at the AGM;
- (ii) if you are attending the AGM virtually, you will be able to ask questions at the AGM live during the live audio-visual webcast via the online chat box function.

The Board of Directors of the Company will endeavour to address all substantial and relevant questions received from Shareholders and Investors during the AGM. The Company will publish the minutes of the AGM on the Company's website and on SGXNET within one month after the date of the AGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the AGM.

## 6. Voting by Proxy Only

A Shareholder (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM. **There will not be real-time remote electronic voting at the AGM.**

Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

The duly executed Proxy Form can be submitted to the Company in the following manner:

- a. if submitted in hard copy by post, be lodged at the office of Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
- b. if submitted electronically, by sending a scanned pdf copy by email to [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com).

in either case, at least 72 hours before the time appointed for the AGM (the "**Proxy Deadlines**").

A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

## 7. Relevant Intermediaries

Investors who wish to participate in the AGM by (a) attending the AGM in-person; (b) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only feed; (c) submitting questions during the AGM via the online chat box function and/or (d) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, Investors who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 5.00 PM on 19 April 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than the Proxy Deadlines**.

## Important Reminder:

In view of the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders and Investors are advised to regularly check the Company's website or announcements released on SGXNET for the latest updates on the status of AGM. Shareholders are also strongly encouraged to submit completed Proxy Form electronically via email.

## Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purposes of processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof), processing of the Pre-registration for purposes of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live audio-visual webcast or live audio-only feed of the AGM proceedings and providing them with any technical assistance where necessary, addressing relevant and substantial questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions, preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof) and enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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# PACIFIC RADIANCE LTD.

(the "Company")

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609894C)

## IMPORTANT

- Printed Copies of the Notice of Annual General Meeting ("AGM") dated 14 April 2021 ("Notice") and this Proxy Form will be despatched to Shareholders. The Notice and Proxy Form has also been made available on the SGX-ST's website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.pacificradiance.com>.
- The AGM will be held at 15 Pandan Road, Singapore 609263 pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
- Due to the current COVID-19 restriction orders in Singapore, the Company will restrict the number of in-person attendees at the AGM by imposing a limit of 30 Shareholders and Investors to be accommodated at the AGM. It should be noted that this limit for in-person attendees at the AGM may be subject to change taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.
- Alternative arrangements relating to attendance at the AGM Physically and Virtually (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only feed), submission of questions to the Chairman of the AGM in advance of the AGM, submission of questions to the Chairman of the AGM during the AGM via the online chat box function, addressing of substantial and relevant questions prior to or/and during the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
- A Shareholder (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM, and there will not be real-time remote electronic voting at the AGM.**
- For investors who have used their CPF/SRS monies to buy shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors are requested to contact their respective Agent Banks to specify their voting instructions and to submit their votes by 5.00 PM on 19 April 2021.
- By submitting this proxy form, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

## PROXY FORM ANNUAL GENERAL MEETING

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport Number)

of \_\_\_\_\_ (Address)

being a \*Shareholder/Shareholders of Pacific Radiance Ltd. (the "Company"), hereby appoint the **Chairman of the Meeting** as \*my/our proxy to attend and to vote for \*me/us on \*my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held at 15 Pandan Road, Singapore 609263 and by way of electronic means on Thursday, 29 April 2021 at 10.00 AM and at any adjournment thereof. \*I/We direct the Chairman of the Meeting as \*my/our proxy to vote for or against or abstain from voting on the resolutions proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions	For*	Against*	Abstain*
1.	Approval of Directors' Fees for the financial year ending 31 December 2021			
2.	Re-election of Mr. Pang Yoke Min as director			
3.	Re-election of Mr. Pang Wei Meng as director			
4.	Re-appointment of Auditors			
5.	Authority to allot and issue shares			
6.	Authority to grant awards and to issue shares under the Pacific Radiance Performance Share Plan			
7A.	Continued appointment of Mr. Yong Yin Min as an Independent Director – to be voted by Tier 1 Shareholders			
7B.	Continued appointment of Mr. Yong Yin Min as an Independent Director – to be voted by Tier 2 Shareholders			

\* If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes in the box appropriately. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of Shares held:	No. of Shares
CDP Register	
Register of members	

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



#### NOTES:

1. A Shareholder (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM. **There will not be real-time remote electronic voting at the AGM.**
2. The duly executed Proxy Form can be submitted to the Company in the following manner:
  - (a) if submitted in hard copy by post, be lodged at the office of Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
  - (b) if submitted electronically, by sending a scanned pdf copy by email to [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com).

in either case, at least 72 hours before the time appointed for the AGM (the "**Proxy Deadlines**").

A Shareholder who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current COVID-19 situation which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email to [prl-agm@complete-corp.com](mailto:prl-agm@complete-corp.com).**

3. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer. A corporation which is a Shareholder of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.
4. A Shareholder should insert the total number of shares held. If the Shareholder has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he should insert that number of shares. If the Shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the Shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Shareholder of the Company.
5. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form if such Shareholders are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 5.00 PM on 19 April 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf **no later than the Proxy Deadlines**.
7. "**Tier-1 Shareholders**" refers to all shareholders. "**Tier-2 Shareholders**" refers to all shareholders, excluding shareholders who also serve as the Directors or the Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer.

#### PERSONAL DATA PRIVACY:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2021.





**PACIFIC RADIANCE**

COMPANY REGISTRATION NUMBER 200609894C

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