

RESPONSE TO SGX-ST QUERIES RECEIVED ON 24 NOVEMBER 2021

The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) sets out its response to the queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) pertaining to the third quarter (“**3Q 2021**”) financial statement for the nine months ended 30 September 2021 (“**9M 2021**”) as follows:

Query by SGX-ST		Company’s Response																																																																											
1	<p>Page 1: Cost of sales: US\$14,325,000 SGX: Provide a breakdown against the previous comparative period, and elaborate on the only 9% decrease versus the 22% Revenue decrease.</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">3Q 2021</th> <th style="text-align: right;">3Q 2020</th> <th colspan="4"></th> </tr> <tr> <th></th> <th style="text-align: right;">US\$’000</th> <th style="text-align: right;">US\$’000</th> <th colspan="4"></th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">13,240</td> <td style="text-align: right;">17,024</td> <td colspan="4"></td> </tr> <tr> <td>- Offshore support</td> <td style="text-align: right;">9,523</td> <td style="text-align: right;">15,109</td> <td colspan="4"></td> </tr> <tr> <td>- Subsea services</td> <td style="text-align: right;">2,383</td> <td style="text-align: right;">722</td> <td colspan="4"></td> </tr> <tr> <td>- Shipyard</td> <td style="text-align: right;">1,334</td> <td style="text-align: right;">1,193</td> <td colspan="4"></td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(14,325)</td> <td style="text-align: right;">(15,729)</td> <td colspan="4"></td> </tr> <tr> <td>- Offshore support</td> <td style="text-align: right;">(10,609)</td> <td style="text-align: right;">(13,326)</td> <td colspan="4"></td> </tr> <tr> <td>- Subsea services</td> <td style="text-align: right;">(2,256)</td> <td style="text-align: right;">(1,272)</td> <td colspan="4"></td> </tr> <tr> <td>- Shipyard</td> <td style="text-align: right;">(1,460)</td> <td style="text-align: right;">(1,131)</td> <td colspan="4"></td> </tr> </tbody> </table> <p>Overall, cost of sales recorded a relatively smaller 9% decrease as compared to a revenue decrease of 22%. This was mainly attributed to higher upfront costs in relation to mobilisation of vessels for charter. Moreover, the operations continued to incur certain fixed costs even though vessel utilisation fell. Higher manpower costs due to shortages also affected vessel and shipyard operations.</p>							3Q 2021	3Q 2020						US\$’000	US\$’000					Revenue	13,240	17,024					- Offshore support	9,523	15,109					- Subsea services	2,383	722					- Shipyard	1,334	1,193					Cost of sales	(14,325)	(15,729)					- Offshore support	(10,609)	(13,326)					- Subsea services	(2,256)	(1,272)					- Shipyard	(1,460)	(1,131)				
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2	<p>Page 2: Trade receivables: US\$21,854,000 SGX: Provide an ageing schedule and explain why this is still not collected, and whether these are collectable. Explain the increase even though revenue declined 22%.</p>	<p>Trade receivables aging:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>In</th> <th>Total</th> <th>Current</th> <th>< 60</th> <th>60 to</th> <th>> 90</th> </tr> <tr> <th>US\$’000</th> <th></th> <th></th> <th>days</th> <th>90 days</th> <th>days</th> </tr> </thead> <tbody> <tr> <td>30 Sep 2021</td> <td>21,854</td> <td>7,448</td> <td>4,843</td> <td>1,459</td> <td>8,104</td> </tr> </tbody> </table> <p>The increase in trade receivables of 17% is for the nine-month period between 30 September 2021 and 31 December 2020, whereas the decrease in revenue of 22% is quarter-on-quarter comparison between 3Q 2021 and 3Q 2020. The changes are not comparable as such.</p> <p>For the comparison periods between 3Q2021 and 4Q2020, revenue decreased by approximately 4% to US\$13.2 million in 3Q 2021 from US\$13.7 million in 4Q 2020 but trade receivables increased mainly due to slow down in collection as the market conditions remained challenging for the offshore and marine industry.</p> <p>Management expects the trade receivables to be collectable as the Group has been actively engaging the customers on repayment plan. The Group will continue to monitor the collection and assess the recoverability of the trade receivables closely.</p>						In	Total	Current	< 60	60 to	> 90	US\$’000			days	90 days	days	30 Sep 2021	21,854	7,448	4,843	1,459	8,104																																																				
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3	<p>Page 29: Share of results of associates “Share of results of associates was US\$2.4 million gain for 9M 2021 and nil for 3Q 2021, compared to nil for 9M 2020 and 3Q 2020. This was mainly attributable to the realisation of deferred gain on sale of vessels to an associate in 1Q 2021.”</p> <p>SGX: The Company recognised a gain of US\$2.4 million for 9M2021 for the sale of vessels in 1Q2021. Provide details and elaborate on this deferred gain, and why it is recognised now when it is classified as deferred gain. Has the amount of sales consideration been paid for the sale?</p>	<p>The deferred gain relates to vessels sold by the Group to its associate company in the prior years. As these are intercompany transactions, a portion of the gain on sale of each vessel corresponding to the Group’s share of investment in the associate company was not recognised in the respective years when the sale took place but was deferred. The deferred gain was amortised yearly with the remaining fully realised only when the vessels were disposed by the associate company to third parties in 1Q2021. Sales consideration had been paid by the third parties.</p> <p>Hence the remaining deferred gain relating to the abovementioned vessels was realised upon disposal and recorded as part of the share of result of associate in 1Q2021.</p>
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Trading of the Company’s securities on the SGX-ST has been voluntarily suspended by the Company on 28 February 2018.

Shareholders and Noteholders are advised to read this announcement and any further announcements by the Company carefully. There is no certainty or assurance as at the date of this announcement that any discussions or prospects will be successfully concluded or any definitive agreements in relation to any transactions will be entered into. Shareholders and Noteholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board of
Pacific Radiance Ltd.

Pang Yoke Min
Executive Chairman

26 November 2021