

UPDATE ON RESTRUCTURING – ENTRY INTO OTHER DEFINITIVE AGREEMENTS AND  
IMPLEMENTATION OF THE DEBT RESTRUCTURING PLAN

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1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” or the “**Directors**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements dated 13 May 2019, 22 August 2019, 26 August 2019, 20 January 2020, 26 March 2020, 24 April 2020, 6 November 2020, 9 February 2021, 27 April 2021, 30 June 2021 and 28 October 2021 in relation to the updates on the Debt Restructuring Plan. Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the aforementioned announcements.
- 1.2. The Board had previously announced on 28 October 2021 (“**Previous Announcement**”) that, amongst other things, the Company entered into the Consensual Sale Agreement with, *inter alia*, the Secured Lenders and the Purchaser, for the transfer of the Sale Vessels from the Group to the Purchaser (or its affiliates), to effect the Proposed Disposal.
- 1.3. The Board also wishes to announce that following the entry of the Consensual Sale Agreement and for the purposes of effecting the sale of the Sale Vessels, the Company has on 26 January 2022 entered into:
- (a) an umbrella agreement with the Purchaser and the relevant Group entities to set out the specific commercial arrangements between the parties thereto in connection with the transaction(s) contemplated under the Consensual Sale Agreement (“**MOA Umbrella Agreement**”);
  - (b) separate memoranda of agreement (the “**MOAs**”, each a “**MOA**”) with the Purchaser (or its affiliate) and the relevant Group entity in relation to the transfer and delivery of each Sale Vessel;
  - (c) an umbrella agreement with the Purchaser (and its affiliates) and the relevant Group entities for the management of the majority of the Sale Vessels (being 31 out of 33 Sale Vessels) (“**Managed Vessels**”) after completion of the Proposed Disposal (the “**Management Umbrella Agreement**”); and
  - (d) separate management agreements (the “**Management Agreements**”, each a “**Management Agreement**”) with the Purchaser (or its affiliate) and the relevant Group entity for the management of each Managed Vessel after completion of the Proposed Disposal.
- 1.4. The Company has been informed that for the purposes of implementing the Proposed Disposal, Dioscuri Ventures Pte. Ltd. (“**Pang SPV**”), a special purpose vehicle wholly owned by Mr. Pang Wei Meng (executive director of the Company) and Mr. Pang Wei Kuan, James (acting chief executive officer of the Company), intend to enter into a shareholders’ agreement with, amongst others, RS EES Holdings Mexico S. De R.L. De C.V. (“**RS EES**”) (an affiliate of ENAV) which will set out the terms governing their relationship as shareholders in the Purchaser (“**SHA**”). Each of Mr. Pang Wei Meng and Mr. Pang Wei Kuan will also be entering into the SHA as warrantors to guarantee the obligations of the Pang SPV under the SHA in accordance with the terms therein.

## 2. THE MOA UMBRELLA AGREEMENT AND MOAs

The MOA Umbrella Agreement supplements the MOAs and sets out the specific commercial arrangements between the parties in connection with the transfer of the Sale Vessels under the Consensual Sale Agreement to effect the Proposed Disposal.

Pursuant to the MOA Umbrella Agreement, the Group has provided representations and warranties to the Purchaser in relation to, amongst other things, the title to the Sale Vessels and the class status and general condition of specific Sale Vessels. The Group has undertaken to indemnify the Purchaser against claims made against the Sale Vessels prior to the date of the transfer of the Sale Vessels ("**Completion Date**"), and agreed to promptly discharge all such claims on or prior to the Completion Date.

Each chartered Sale Vessel is to be transferred subject to the respective charter, which will be novated to the Purchaser (or its affiliates) at delivery. The Company has agreed to procure the delivery of the Sale Vessels on the Completion Date at the place of delivery set out for each Sale Vessel in the MOA Umbrella Agreement. The Group has also agreed to certain restrictions pending the completion of the transfer of the Sale Vessels ("**Completion**") in relation to, amongst other things, the acquisition and disposal of assets, the incurring of liabilities, and the entry into any agreements in relation to the Sale Vessels outside the ordinary course of business.

The MOAs sets out the specific terms for the transfer and delivery of each Sale Vessel from the relevant Group entities to the Purchaser (or its affiliates). Under each MOA, the relevant Group entity agrees to transfer a Sale Vessel to the Purchaser (or its affiliate) for the consideration set out in the Consensual Sale Agreement (the aggregate consideration under all of the MOAs being the Consideration as set out in paragraph 3.3 of the Previous Announcement). Each Sale Vessel shall be delivered and taken safely afloat at the delivery place specified in each MOA on the Completion Date, in accordance with the terms and conditions of the MOA Umbrella Agreement.

## 3. THE MANAGEMENT UMBRELLA AGREEMENT AND MANAGEMENT AGREEMENTS

The Management Umbrella Agreement supplements the Management Agreements and sets out the specific commercial arrangements between the parties in connection with the management of the Managed Vessels.

Pursuant to the Management Umbrella Agreement, the Company, Strato Maritime Services Pte. Ltd., the Group entity appointed as the manager of the Managed Vessels ("**Manager**"), and the Purchaser (and its affiliates which are owners of the respective Managed Vessels) will constitute a steering committee ("**Steering Committee**") to discuss, explore and collaborate on leads, opportunities and engagements of the Sale Vessels. The Company and the Manager shall, amongst other things, ensure the fair allocation of leads, opportunities and engagements for the Managed Vessels and keep the Purchaser (and its affiliates which are owners of the respective Managed Vessels) notified of such leads, opportunities and engagements.

The Company has granted the Purchaser (and its affiliates which are owners of the respective Managed Vessels) the exclusive right to receive, evaluate and accept any leads, opportunities and engagements for the Managed Vessels, prior to the Group being free to pursue them independently on terms not more favourable than those presented to the Purchaser (and its affiliates which are owners of the respective Managed Vessels). Any leads not accepted by the Purchaser (and its affiliates which are owners of the respective Managed Vessels) within an agreed period (not exceeding 30 days) shall be deemed declined by the Purchaser (and its affiliates which are owners of the respective Managed Vessels).

Under the Management Agreements, the Purchaser (or its affiliates which are owners of the respective Managed Vessels) appoint the Manager as the manager of each Managed Vessel in respect of the management services. Such management services include the provision of technical management, crew management and commercial management and insurance arrangements. The Company has also entered into each Management Agreement as a guarantor, and has agreed to guarantee the Purchaser (or its affiliate which are owners of the respective Managed Vessels) the due and punctual performance of the Manager's obligations under each Management Agreement.

The Purchaser and its affiliates (which are owners of the respective Managed Vessels) are entitled to terminate the Management Umbrella Agreement and each Management Agreement if, *inter alia*, (a) there is an insolvency event in respect of the Company or the Manager, or (b) there is a change of control of the Group which occurs.

#### **4. THE SHA**

The SHA will set out the terms governing the relationship between the Pang SPV and RS EES as shareholders of the Purchaser and will make provision for the management and administration of the affairs of the Purchaser. Pursuant to the SHA, the Pang SPV will agree to subscribe for a minority equity interest not exceeding 15% of the Purchaser's share capital, with the remaining equity interest held by RS EES.

The Pang SPV will be eligible for one (1) board seat on the Purchaser (out of a maximum of four (4) board seats), having regard to their minority investment in the Purchaser. In addition, the Pang SPV will be entitled to receive investment returns (in the form of distributions) beyond their *pro rata* equity investment if certain performance indicators are met. Such investment returns will however not exceed 30% of distributions made by the Purchaser from time to time.

In connection with the SHA, the Pang SPV and RS EES also intend to enter into a loan agreement, pursuant to which RS EES will make available to the Pang SPV a loan (to be disbursed directly to the Purchaser) to fund up to 100% of the Pang SPV's portion of its commitment to co-invest in the Purchaser. The loan is for an amount of up to US\$5,000,000, and the tenor of the loan is three (3) years, with interest chargeable on the loan. The loan will be secured by the Pang SPV's shares in the Purchaser. The PRL Key Management will also guarantee the payment obligations of the Purchaser under the loan agreement.

Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James (collectively, the "Warrantors") will also enter into the SHA and will guarantee to RS EES the performance by the Pang SPV of its obligations under the SHA. In the case of non-performance of an obligation by the Pang SPV, the Warrantors will undertake to perform or procure the performance of those obligations.

#### **5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The attention of Shareholders, creditors and other stakeholders of the Company are drawn to the interests of Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James (part of the PRL Key Management) in the Purchaser through the Pang SPV as disclosed herein and the interests of the PRL Key Management in the transactions as described herein. The PRL Key Management members comprise:

- (a) Mr. Pang Yoke Min (Executive Chairman, Director);
- (b) Mr. Pang Wei Meng (Executive Director, Acting Chief Commercial Officer); and

(c) Mr. Pang Wei Kuan James (Acting Chief Executive Officer).

Mr. Pang Wei Meng and Mr. Pang Wei Kuan James are immediate family members of Mr. Pang Yoke Min, a controlling Shareholder of the Company.

Save as disclosed in this Announcement and the Previous Announcement, none of the Directors or (to the best of the knowledge of the Directors) the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal and the Debt Restructuring Plan (other in their capacity as directors or shareholders of the Company).

## **6. SERVICE AGREEMENTS**

No person is proposed to be appointed as a director of the Company in connection with the Debt Restructuring Plan and no service contracts in relation thereto is proposed to be entered into by the Company.

## **7. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's registered office for three (3) months from the date of this Announcement:-

- (a) the MOA Umbrella Agreement;
- (b) the MOAs;
- (c) the Management Umbrella Agreement;
- (d) the Management Agreements;
- (e) the Constitution of the Company; and
- (f) the annual report of the Company for FY2020.

## **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the MOA Umbrella Agreement, the MOAs, the Management Umbrella Agreement, the Management Agreements, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## **9. CAUTIONARY STATEMENTS**

**Trading of the Company's securities on the SGX-ST has been voluntarily suspended by the Company on 28 February 2018.**

**Shareholders should note that the Debt Restructuring Plan is subject to the conditions precedent as set out in the Previous Announcement. There is no certainty or assurance as at the date of this Announcement that the conditions precedent to the Proposed Disposal can be fulfilled, that the Proposed Schemes of Arrangement will be successfully implemented or that the Debt Restructuring Plan will be implemented at all.**

**The Company will make further announcements, in compliance with the requirements of the SGX-ST Listing Manual, when there are material developments in respect of the Debt Restructuring Plan. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their financial, tax, legal or other professional advisers.**

By Order of the Board of  
Pacific Radiance Ltd.

Pang Yoke Min  
Executive Chairman  
27 January 2022