

RESPONSE TO SGX-ST QUERIES RECEIVED ON 29 AUGUST 2023

The board of directors (the “**Board**”) of Pacific Radiance Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) sets out its responses to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 August 2023 in relation to the half-year results for the 6 months ended 30 June 2023 (“**1H2023**”):

Query by SGX-ST																					
1	<p>Please provide a breakdown of the current other receivables of US\$9.78 million including the nature and aging of the receivables, and the reason(s) for the significant increase by 29% to US\$9.78 million from 31 Dec 2022 to 1H2023.</p> <p><u>Company’s Response</u></p> <table border="1"> <thead> <tr> <th>Other Receivables</th> <th>1H2023 (USD '000)</th> <th>31 Dec 2022 (USD '000)</th> </tr> </thead> <tbody> <tr> <td>Deposits, Prepayments and Advances</td> <td>1,315</td> <td>1,057</td> </tr> <tr> <td>GST/Tax Recoverables</td> <td>236</td> <td>258</td> </tr> <tr> <td>Other Recoverables</td> <td>7,900</td> <td>5,923</td> </tr> <tr> <td>Others</td> <td>324</td> <td>334</td> </tr> <tr> <td>Total</td> <td>9,775</td> <td>7,572</td> </tr> </tbody> </table> <p>The 29% increase to US\$9.8 million (1H2023) from US\$7.6 million (31 Dec 2022) is mainly due to the increase in Other Recoverables. Other Recoverables represent unbilled vessel operating costs incurred by the Group on behalf of third-party vessel owners in performing the ship management activities according to contracts.</p>	Other Receivables	1H2023 (USD '000)	31 Dec 2022 (USD '000)	Deposits, Prepayments and Advances	1,315	1,057	GST/Tax Recoverables	236	258	Other Recoverables	7,900	5,923	Others	324	334	Total	9,775	7,572		
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2	<p>Please provide a breakdown of significant amounts due from related companies of US\$20.9 million, including the nature and aging of the amounts owing from these companies and the identities of the related companies.</p> <p><u>Company’s Response</u></p> <table border="1"> <thead> <tr> <th>Amounts due from related companies</th> <th>90 days and below (US '000)</th> <th>More than 90 days (USD '000)</th> <th>Total (USD '000)</th> <th>Nature</th> </tr> </thead> <tbody> <tr> <td>ENAV Radiance Group</td> <td>10,182</td> <td>1,559</td> <td>11,741</td> <td>Billed vessel operating costs recoverable and ship management income</td> </tr> <tr> <td>Navigatis Radiance Pte Ltd</td> <td>-</td> <td>4,878</td> <td>4,878</td> <td>Investment in joint ventures by way of loans</td> </tr> <tr> <td>Alam Radiance (L) Inc.</td> <td>-</td> <td>2,086</td> <td>2,086</td> <td>Billed vessel operating costs recoverable and ship</td> </tr> </tbody> </table>	Amounts due from related companies	90 days and below (US '000)	More than 90 days (USD '000)	Total (USD '000)	Nature	ENAV Radiance Group	10,182	1,559	11,741	Billed vessel operating costs recoverable and ship management income	Navigatis Radiance Pte Ltd	-	4,878	4,878	Investment in joint ventures by way of loans	Alam Radiance (L) Inc.	-	2,086	2,086	Billed vessel operating costs recoverable and ship
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Query by SGX-ST					
					management income
	Duta Maritime Alliances Sdn Bhd	-	1,037	1,037	Investment in joint ventures by way of loans
	Total of significant amounts due from related parties (each owing more than 5% of the total of US\$20.9 million)	10,182	9,560	19,742	
3	Please disclose a breakdown of the significant amount of US\$15.636 million due to related companies. Please disclose the identity of the counterparties, the aging and nature of these other payables.				
	Amounts due to related companies	90 days and below (US '000)	More than 90 days (USD '000)	Total (USD '000)	Nature
	ENAV Radiance Group	11,798	-	11,798	Funding from third-party vessel owners for vessel operating costs
	Alam Radiance (L) Inc.	-	2,011	2,011	Charter-hire
	Total significant amounts due to related companies	11,798	2,011	13,809	
4	<p>Please explain why interest income amounted to only US\$146k during the financial period ended 30 June 2023 when the Company has significant cash and bank balance amounting to US\$26.92 million.</p> <p><u>Company's Response</u></p> <p>Interest income relates to income from investment in fixed deposits. The Group does not invest the entire amount of cash balances in fixed deposits, a certain portion of the cash balances are set aside for working capital purpose.</p>				
5	<p>Please provide an update on the efforts taken to resolve each of the matters set out under the basis for "disclaimer of opinion" section of the independent auditor's report issued for the Group's financial statements for FY2022.</p> <p><u>Company's Response</u></p>				

Query by SGX-ST

Reference is made to the Annual Report for FY2022 and the section under “Basis for Qualified Opinion” in the Independent Auditor’s Report.

(a) Sale of vessels

The basis of qualified opinion under this section was mainly due to the use of the consensual discharge amount in the consensual sale agreement between the purchaser, the lenders and the Group as the fair value of the vessels that were sold as part of the Group’s debt restructuring. The Group has completed its debt restructuring in September 2022. This event will not recur in FY2023.

(b) Finance costs and gain on debt settlement of bank loans

The basis of qualified opinion under this section was mainly due to the use of estimation for accrued interests on the outstanding bank loans as the Group was not able to obtain confirmation from all the lenders on the principal and interest amounts of the outstanding bank loans during the debt restructuring period. The Group completed its debt restructuring in September 2022 and the outstanding bank loans were discharged, released, restructured and/or settled. This event will not recur in FY2023.

By Order of the Board of
Pacific Radiance Ltd.

Pang Yoke Min
Executive Chairman

31 August 2023