

RESPONSE TO SGX-ST QUERIES RECEIVED ON 22 AUGUST 2024

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 22 August 2024 in relation to the half year results for the 6 months ended 30 June 2024 (“**FY2024**”):

Queries from SGX-ST																																			
1	<p>Please explain why interest received amounted to only US\$59K during the financial period ended 30 June 2024 when the Company has significant cash and bank balance amounting to US\$23.4 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, including advances from customers, is set aside for working capital purposes.</p>																																		
2	<p>Please disclose a breakdown of other liabilities and elaborate on the nature of the material items comprising other liabilities. Please also provide explanation on the material items contributing to the significant increase of 47% from US\$14.4 million as of 31 December 2023 to US\$21.1 million as of 30 June 2024.</p> <p><u>Company’s Response</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Other Liabilities</th> <th style="text-align: center;">30 June 2024 (US\$’000)</th> <th style="text-align: center;">Nature</th> </tr> </thead> <tbody> <tr> <td>Other Payables</td> <td style="text-align: center;">248</td> <td>Creditors that are non-trade in nature</td> </tr> <tr> <td>Deposits Received</td> <td style="text-align: center;">25</td> <td>Deposits received from customers.</td> </tr> <tr> <td>Accrued Operating and Tax Expenses</td> <td style="text-align: center;">13,676</td> <td>Accrual for operating costs and tax payable.</td> </tr> <tr> <td>Advanced Billings to Customers</td> <td style="text-align: center;">7,151</td> <td>Advances received from ship management customers.</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">21,100</td> <td></td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Other Liabilities</th> <th style="text-align: center;">31 Dec 2023 (US\$’000)</th> <th style="text-align: center;">Nature</th> </tr> </thead> <tbody> <tr> <td>Other Payables</td> <td style="text-align: center;">231</td> <td>Creditors that are non-trade in nature.</td> </tr> <tr> <td>Deposits Received</td> <td style="text-align: center;">26</td> <td>Deposits received from customers.</td> </tr> <tr> <td>Accrued Operating and Tax Expenses</td> <td style="text-align: center;">10,215</td> <td>Accrual for interest, operating costs and tax payable.</td> </tr> <tr> <td>Deferred Gain on Sale of Vessels</td> <td style="text-align: center;">466</td> <td>Deferred gain on sale of vessel to joint venture to be realized upon sale or depreciation of vessel by joint venture.</td> </tr> </tbody> </table>		Other Liabilities	30 June 2024 (US\$’000)	Nature	Other Payables	248	Creditors that are non-trade in nature	Deposits Received	25	Deposits received from customers.	Accrued Operating and Tax Expenses	13,676	Accrual for operating costs and tax payable.	Advanced Billings to Customers	7,151	Advances received from ship management customers.	Total	21,100		Other Liabilities	31 Dec 2023 (US\$’000)	Nature	Other Payables	231	Creditors that are non-trade in nature.	Deposits Received	26	Deposits received from customers.	Accrued Operating and Tax Expenses	10,215	Accrual for interest, operating costs and tax payable.	Deferred Gain on Sale of Vessels	466	Deferred gain on sale of vessel to joint venture to be realized upon sale or depreciation of vessel by joint venture.
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	Advanced Billings to Customers	3,452	Advances received from ship management customers.
	Total	14,390	
3	<p>The significant increase of 47% from US\$14.4 million as of 31 December 2023 to US\$21.1 million as of 30 June 2024 was mainly due to the increase in accrued operating and tax expenses and advanced billings to customers.</p> <p>The Company disclosed that the amounts due from related companies is US\$13.6 million in aggregate and amounts due to related companies is US\$2.7 million, as of 30 June 2024. We further note from Page 28 that the Group has not obtained a general mandate from shareholders for Interested Party Transactions. As the amount due from/to related companies exceeds 5% of the Company's net tangible assets of US\$37.7 million in 31 December 2023:</p> <p>(i) Please disclose who are these related companies and the basis why the Company has determined that these related companies are not Interested Persons under Chapter 9 of the Listing Manual.</p> <p>(ii) Please disclose the breakdown of the material items contributing to the significant balances for amounts due from and to related companies with details on the transaction(s) and provide the aging profile in bands of 3 months with the upper band specifically disclosed. To disclose why these related companies have not repaid their debts owing to the Company and the basis that these outstanding amounts are still collectible, where applicable.</p> <p>(iii) Please also explain why the amounts due from related companies of US\$0.4 million reported under non-current assets had remain outstanding for more than a year.</p> <p><u>Company's Response</u></p> <p>(i) The related parties are set out in the tables below (refer to paragraph 3(ii)).</p> <p><u>Join Venture Entities</u> Except for ENAV Radiance Group, the rest are joint venture entities which the Company owns about 50% (directly and indirectly).</p> <p>In accordance with SFRS(I) 1-24: Related Party Disclosures, a joint venture entity is considered a related party of the Company.</p> <p>In accordance with Chapter 9 of the Listing Manual, the joint ventures entities are not Interested Persons as none of the director, chief executive officer or controlling shareholder of the Company or their associates owns shares in the joint venture entities.</p> <p><u>ENAV Radiance Group</u> The holding company of the ENAV Radiance Group is ENAV Radiance Pte Ltd. Mr Pang Wei Kuan, James is a director (Mr Pang Wei Meng is the alternate director to Mr Pang Wei Kuan, James) of ENAV Radiance Pte Ltd. Mr Pang Wei Kuan, James and Mr Pang Wei Meng are also the CEO and Executive Director of the Company respectively.</p> <p>In accordance with SFRS(I) 1-24: Related Party Disclosures, ENAV Radiance Group is considered a related party as Mr Pang Wei Kuan, James being a director of ENAV Radiance Pte Ltd is deemed to have significant influence over ENAV Radiance Pte Ltd even though he does not control the board of ENAV Radiance Pte Ltd.</p> <p>In accordance with Chapter 9 of the Listing Manual, ENAV Radiance Pte Ltd is not considered an associate of Mr Pang Wei Kuan, James as he and his immediate family together do not own 30% or more interest in ENAV Radiance Pte Ltd. Hence, ENAV Radiance Pte Ltd is not an Interested Person under the definition of the Listing Manual.</p>		

(ii) Breakdown of amounts due from related parties:

Amounts due from related companies	0 – 90 days (US\$'000)	90 – 180 days (US\$'000)	> 180 days (US\$'000)	Total (US\$'000)	Nature
Mainprize Asia Ventures Pte Ltd	1,007	1,983	2,695	5,685	Investment in joint ventures by way of loans. To be repaid from operating and/or financing cashflows of joint venture entity.
Navigatis Radiance Pte Ltd	-	-	4,878	4,878	Investment in joint ventures by way of loans. To be repaid from planned sale of vessels owned by joint venture entity and surplus cash of joint venture entity, out of which US\$0.4 million is expected to be paid after 12 months (refer to paragraph 3(iii) below).
Al Hail Marine Services LLC	1,258	145	80	1,483	Billed charter hire in relation to vessel charter. To be repaid upon collection of charter hire from charterer.
Duta Maritime Alliances Sdn Bhd	-	-	1,112	1,112	Investment in joint ventures by way of loans. To be repaid from surplus cash from joint venture entity.
Total of significant amounts due from related parties (each owing more than 5% of the total of US\$13.6 million)	2,265	2,128	8,765	13,158	

Amounts due to related companies	0 – 90 days (US\$'000)	90 – 180 days (US\$'000)	> 180 days (US\$'000)	Total (US\$'000)	Nature
CR Offshore S.A.P.I. DE C.V.	-	-	1,383	1,383	Vessel operating costs.

	ENAV Radiance Group	1,091	-	-	1,091	Funding from third-party vessel owners for vessel operating costs.																								
	AR Offshore Pte Ltd	-	-	243	243	Vessel operating costs.																								
	Total of significant amounts due to related parties (each owing more than 5% of the total of US\$2.7 million)	1,091	-	1,626	2,717																									
	(iii) The amount due from related party of US\$0.4 million is in relation to investment in subsidiary by way of shareholder's loan and is expected to be paid after 12 months from surplus cash from joint venture entity (refer to paragraph 3(ii) above).																													
4	<p>With respect to the Company's recent renounceable non-underwritten rights issue (the "Rights Issue"), please disclose the status on the use of proceeds raised from the Rights Issue and whether the use these proceeds is in accordance with the stated use announced in FY2023. Where the proceeds have been used for working capital purposes, please provide a breakdown with specific details on how the proceeds have been applied.</p> <p><u>Company's Response</u></p> <p>Stated use of proceeds from Rights Issue:</p> <table border="1"> <thead> <tr> <th>Use of Final Net Proceeds</th> <th>Amount S\$ million</th> <th>Percentage Allocation</th> </tr> </thead> <tbody> <tr> <td>Provision for acquisition of vessels</td> <td>14.12</td> <td>62%</td> </tr> <tr> <td>Repayment of bank borrowings</td> <td>8.65</td> <td>38%</td> </tr> <tr> <td>Total</td> <td>22.77</td> <td>100%</td> </tr> </tbody> </table> <p>Use of proceeds from Rights Issue:</p> <table border="1"> <thead> <tr> <th>Use of Final Net Proceeds</th> <th>Amount S\$ million</th> <th>Percentage Allocation</th> </tr> </thead> <tbody> <tr> <td>Acquisition of vessels and reactivations costs of vessels</td> <td>14.12</td> <td>62%</td> </tr> <tr> <td>Repayment of bank borrowings</td> <td>8.65</td> <td>38%</td> </tr> <tr> <td>Total</td> <td>22.77</td> <td>100%</td> </tr> </tbody> </table>						Use of Final Net Proceeds	Amount S\$ million	Percentage Allocation	Provision for acquisition of vessels	14.12	62%	Repayment of bank borrowings	8.65	38%	Total	22.77	100%	Use of Final Net Proceeds	Amount S\$ million	Percentage Allocation	Acquisition of vessels and reactivations costs of vessels	14.12	62%	Repayment of bank borrowings	8.65	38%	Total	22.77	100%
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By Order of the Board of
Pacific Radiance Ltd.

Pang Yoke Min
Executive Chairman

27 August 2024