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**Issuer:** Pacific Radiance Ltd.

**Security:** Pacific Radiance Ltd.

**Meeting details:**

Date: 16 July 2018

Time: 10.00 a.m.

Venue: 15 Pandan Road Singapore 609263

**Company Description**

Pacific Radiance Ltd., an investment holding company, owns, manages, and operates offshore vessels in Asia, Africa, Australia, and South America. It operates through three divisions: Offshore Support Services, Subsea Business, and Complementary Businesses. The company operates a fleet of 139 offshore vessels comprising subsea vessels, anchor handling tugs, platform supply vessels, ocean tugs and supply vessels, offshore barges, accommodation and maintenance support vessels, and other specialized vessels for the offshore oil and gas industry. It also offers subsea inspection, repair, and maintenance services; and engages in light construction and fabrication works. In addition, the company provides ship repair, shipbuilding project management, and vessel design customization services; and pipeline logistics, cargo handling, and other transport solutions for the oil and gas industry; and constructs fit-for-purpose vessels for third party clients. Further, it is involved in the design, fabrication, servicing, sale, and leasing of various marine and coiled tubing equipment, as well as other equipment, such as coiling machines, hydraulic power units, winches, cylinders, and others. The company was founded in 2002 and is headquartered in Singapore. Pacific Radiance Ltd. is a subsidiary of YM Investco Pte Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=T8V](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=T8V))

1. The company voluntarily suspended the trading of the shares on 28 February 2018 “to protect the interest of each stakeholder group as well as to ensure that no person trades the shares and related securities of the Company without sufficient information required to make an informed decision”.

- (i) Can the board confirm that all material and relevant information, especially those regarding the restructuring of the group, has been disclosed to the market?**
- (ii) If so, can the board elaborate further on the need to suspend the trading of the shares?**
- (iii) Would the board also provide shareholders with better visibility on the progress made in the consent solicitation exercise to restructure the S\$100 million 4.3% notes due 2018? Given that the exercise in February 2018 was not successful, how does the board ensure that all the stakeholders group are treated equitably in the restructuring?**
- (iv) What is the level of involvement of the independent directors in the group’s proposed restructuring?**
- (v) The net cash flows used in operating activities were US\$(22.9) million in FY17 and US\$(44.9) million in FY16. The independent auditor has given a disclaimer of opinion in the Independent Auditor’s Report, citing the going concern assumption as the group is in a net liability position of US\$(59.3) million. To help shareholders better understand the prospects of the group, can management provide shareholders with more information on the group’s fleet, including vessel type, age, charter rates and utilisation? In addition, what are the key factors that will drive the improvement of the group’s performance in the next 2-3 years?**

2. In the company’s announcement titled “Changes to the board and the remuneration committee” dated 28 April 2017, the company announced the re-designation of Mr Yong Yin Min from a non-executive director of the company to an “independent director”.

- (i) Did the board consider making a standalone announcement to update shareholders on the re-designation of Mr Yong Yin Min to an independent director?**

Mr Yong Yin Min was first appointed to the board as a non-executive director in 2006.

- (ii) Can the board explain in greater detail why Mr Yong Yin Min was deemed non-independent from 2006, prior to the re-designation?**
- (iii) Can the board and the nominating committee (NC) elaborate further on the changes in the circumstances of Mr Yong Yin Min that led him to be re-designated as an independent director after more than 10 years on the board?**

Guideline 2.4 of the 2012 Code of Corporate Governance (“CG Code”) states that “[t]he independence of any director who has served on the Board beyond nine years from the date of his **first appointment** should be subject to particularly rigorous review” [emphasis added].

In the company’s Corporate Governance Report, the company disclosed the following (page 40):

*The Board also recognises that independent directors may over time develop significant insights in the Group’s business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will conduct a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors. Presently, none of the Independent Directors has served as Independent Director of the Group for more than nine years.*

It would appear that the company has not carried out a particularly rigorous review of the independence of Mr Yong Yin Min.

**(iv) As the CG Code states that the independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review, would the company be subjecting the independence of Mr Yong to a particularly rigorous review to comply with the Code?**

3. As disclosed in Note 32 (page 122 – Employee benefits: Performance share plan), 2,029,000 share awards granted to employees under the Performance Share Plan in FY17 following the 1,985,000 share awards granted in FY16.

The 2,029,000 share awards were granted on 14 November 2017 just three months before the trading of the company’s shares was suspended. In addition, the group reported a net loss of US\$(343.2) million for the year and is seeking a restructuring that involves debt forgiveness and debt-to-equity conversion.

The recipients of the awards and the number of share awards for the 2017 award are as follows:

Recipient	Title	Number of shares
Mr. Pang Yoke Min	Controlling Shareholder and director	218,000
Mr. Pang Wei Meng	Associate of Controlling shareholder and director	142,000
Mr. Pang Wei Kuan, James	Associate of Controlling shareholder	142,000
Mr. Mok Weng Vai	Director	142,000
Mr. Lau Boon Hwee	Director	142,000
Other employees	-	1,101,000

The company has stated that the awards are conditional upon the achievement of predetermined performance targets over the performance period.

- (i) Would the remuneration committee (RC) elaborate further on the predetermined performance targets?**
- (ii) How are the performance measures or indicators selected? And how does the RC observe and measure the performance?**
- (iii) In view of the huge losses of US\$(343.2) million in FY17 and US\$(121.7) million in FY16, how can the RC justify the share awards granted under the “Performance” Share Plan?**
- (iv) Can the RC also help shareholders understand how many other employees, other than those shown in the table above, received the share awards?**