



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: PACC Offshore Services Holdings Ltd.

Security: PACC Offshore Services Holdings Ltd.

Meeting details:

Date: 26 April 2019

Time: 10.00 a.m.

Venue: Shangri-La Hotel, Island B Ballroom, 22 Orange Grove Road, Singapore 258350

Company Description

PACC Offshore Services Holdings Ltd. is a Singapore-based provider of offshore marine services. The principal activities of the Company are the business of general shipping and investment holding. The Company's segments include Offshore Supply Vessels, which supports mid to deep-water operations of rig and oilfield operators; Transportation and Installation, which supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines; Offshore Accommodation, which owns and operates vessels that are capable of meeting a range of accommodation, transportation and hospitality needs in offshore oilfields, and Harbour Services and emergency response, which supports the harbor or coastal tugging operations, and heavy lifting operations of shipyards, ports and oil and gas terminals, as well as a range of services, equipment and personnel capable of handling firefighting, rescue and salvage and oil spill events in the Asia Pacific and Indian Ocean regions.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=U6C)

Q1. As noted in the chairman's letter to shareholders (pages 10 & 11 of the annual report), revenue grew by over 56% to US\$299.4 million and the group generated US\$27.5 million in net operating cash flow. Net loss attributable to shareholders improved but still remained at a sizable US\$(98.3) million.

However, it is observed that, while the non-cash impairment of vessels was significantly reduced, it was still a hefty US\$49.5 million.

Due to higher loan balances and interest rates, finance cost for the year was US\$29.2 million, higher than the positive operating cash flow of US\$27.5 million.

As seen in Note 17 (page 116 – Bank borrowings), the group has US\$216 million as current liabilities. As at 31 December 2018, the group is in net current liability position of US\$200,625,000 (2017: US\$188,360,000) mainly due to uncommitted revolving loans of US\$175,400,000 (2017: US\$161,400,000) being due for repayment in the following 12 months.

- (i) Would the board help shareholders understand how it is addressing this liquidity risk?**
- (ii) Would management be able to share the cash flow projections so that shareholders can understand the liquidity risks better?**
- (iii) What are the options available to the group to further strengthen the balance sheet?**
- (iv) Under what circumstances would the group be able to break even? Can the company disclose the utilisation rate of its entire fleet of over 100 offshore vessels?**

Q2. On 8 April 2019, the company announced the retirement of chief executive officer, Mr Seow Kang Hoe, Gerald with effect from 1 May 2019. Mr Seow remains a non-executive director of the company.

The new CEO (and executive director) is Mr Lee Keng Lin, the current deputy chief executive officer.

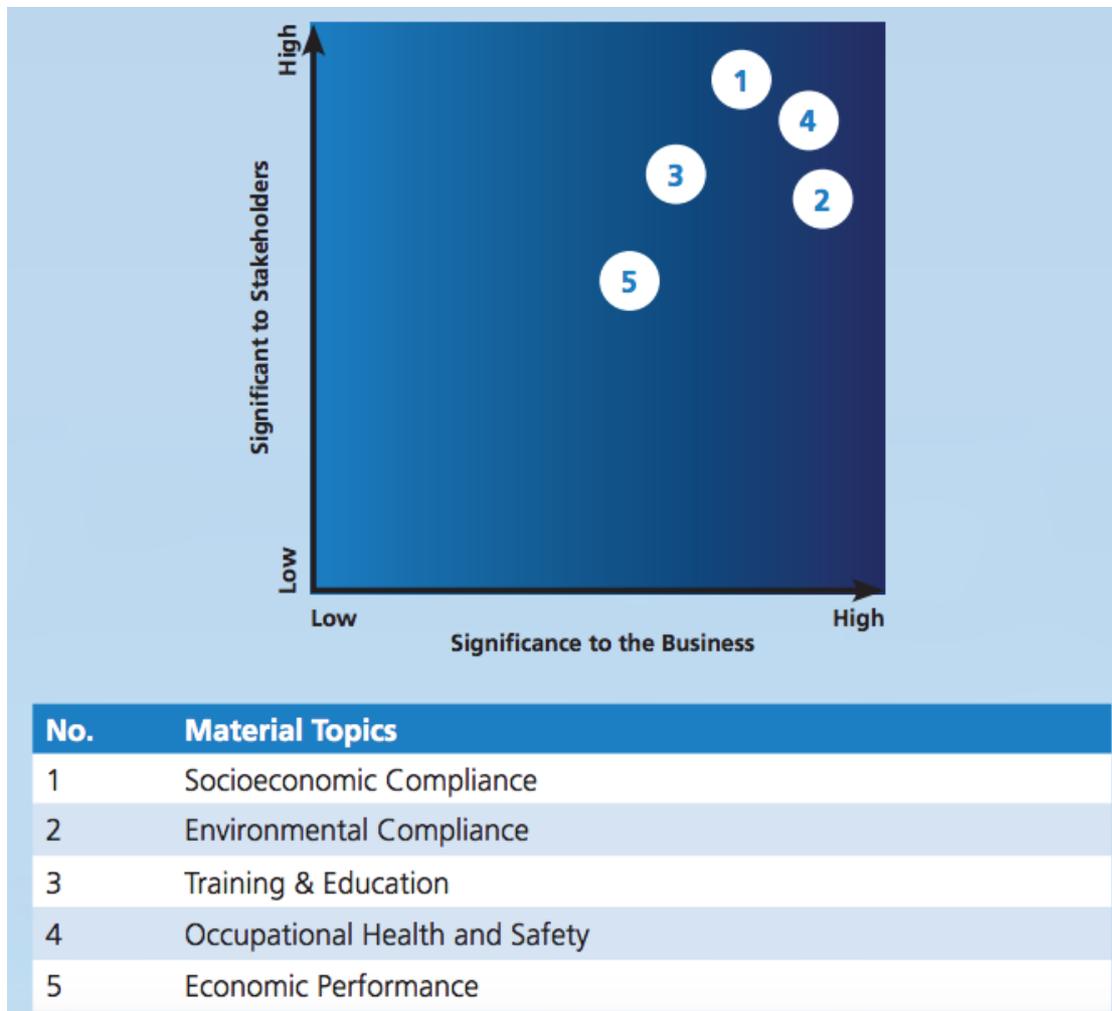
There were also other changes in the key management team with the former chief financial officer, Mr Lim Han Boon Michael, stepping down on 17 September 2018 and being replaced by Mr Edward Chiu Wai Chi on the same date. Mr Lim Han Boon Michael himself was appointed to the CFO role on 1 September 2017 to replace Mr Thai Kum Foon who resigned to take on a role as the Group CFO in Kuok (Singapore) Limited, the parent company.

- (i) Is there stability and continuity in the key management team to execute on the group's strategic plans?**

- (ii) **What is the group’s leadership bench strength for the key business functions? Has the group been able to retain its human talent?**
- (iii) **What is the support given to the group by the parent company?**

Q3. On pages 33 to 48 of the annual report, the group presented its second Sustainability Report. After the group’s materiality assessment, the following 5 material topics were identified, namely Socioeconomic Compliance, Environmental Compliance, Training & Education, Occupational Health and Safety, and Economic Performance.

The materiality matrix showing the material topics is shown below:



(Source: Company annual report)

- (i) **Would the Sustainability Steering Committee (SSC)/Sustainability Working Committee (SWC) explain how the material factors identified have been integrated into the company’s strategy and within the group’s operations?**