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: Pacific Radiance Ltd

Stock code: T8V

Meeting details:
Date: 25 June 2020
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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

Q1. Trading of the company's securities on the SGX-ST has been voluntarily suspended by the company on 28 February 2018.

(i) **Can the directors help shareholders understand if the suspension of the trading of the company's securities can only be lifted after the restructuring by way of scheme of arrangement has been completed?**

As disclosed in the update on restructuring (pages 19 & 20 of the annual report), the restructuring roadmap includes:

- proposed acquisition of the group of companies of Allianz Marine and Logistics Services Holdings Ltd. from the shareholders of the Target Group (the "Vendors")
- the raising of new equity through placement to equity investors, who will include the Vendors; and
- raising new financing of up to US$180 million

In August 2019, the company executed a sale and purchase agreement in relation to the proposed acquisition and had also entered into a subscription agreement with the vendors. The group's negotiations with a financier broke down in January 2020 after the financier carried out due diligence.

Given the drastic drop in the oil and gas prices in April 2020, the near-to-mid term prospects of the industry is more challenging now. In 2019, brent crude oil traded between US$55 per barrel to US$70 per barrel. In May 2020, brent crude oil traded at an average of approximately US$29 per barrel.

(ii) **What is the board's strategy to complete the restructuring given that there are even stronger headwinds in 2020 compared to 2019?**

(iii) **Can the company disclose the identities of the other potential financiers?**

Q2. With an average vessel utilisation rate of 70% in 2019, the group posted an improved revenue of US$74.8 million, up 23% year-on-year. Losses in FY2019 were US$83.4 million, an improvement of 18% from FY2018.

The group also generated a negative operating cash flow of US$499,000. Additionally, the company's current liabilities and total liabilities exceeded its current and total assets by US$163,122,000 and US$163,117,000 respectively as at 31 December 2019.

The group is in a net liability position attributable to equity holders of the company of US$230.5 million.

(i) **Has the board, especially the independent directors, considered making an application to appoint judicial managers?**

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

Q3. At the annual general meeting scheduled to be held on 25 June 2020, the company is proposing to approve directors' fees of $395,000 for the financial year ending 31 December 2020.

(i) **Can the company clarify if the executive directors receive director fees even though they are receiving salaries as executives?**

(ii) **Has the board reviewed if the proposed directors' fees (both the quantum and the cash based nature) are appropriate given the circumstances?**

(iii) **Have the directors considered taking a voluntary haircut or waiver of the directors' fee?** It would demonstrate the directors' commitment to the group and boost the morale of the team. Doing so would also give the directors the moral authority to make difficult decisions and persuade and encourage other stakeholders to support the group during this difficult period.

(iv) **If there were to be any payments to the directors, would the directors consider receiving the fees in shares to alleviate the group's cash flow problems and to show their commitment to the group at the same time?**

[^]Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

CONNECT WITH US

[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)