

RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S NEW TERM SHEET FOR THE FRESH GLOBAL SETTLEMENT OF OUTSTANDING DISPUTES IN RELATION TO PT MOMENTUM INDONESIA INVESTAMA ANNOUNCEMENT RELEASED ON 23 JANUARY 2020

The Board of Directors of PSL Holdings Limited (the "**Company**" or "**PSL**") refers to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email dated 16 February 2020 and would like to provide further information in relation to the Company's announcement titled "Responses to Singapore Exchange Securities Trading Limited's Queries on the Company's New Term Sheet for the Fresh Global Settlement of Outstanding Disputes in Relation to PT Momentum Indonesia Investama" dated 23 January 2020.

Unless otherwise defined, all terms and references used in this announcement shall bear the same meaning ascribed to them in the Company's announcement dated 22 August 2016, 15 September 2016, 7 October 2016, 24 November 2016, 30 November 2016, 18 January 2017, 24 January 2017, 8 June 2017, 1 November 2017, 23 November 2017, 1 March 2018, 23 March 2018, 19 April 2018, 7 August 2018, 10 December 2018, 22 June 2019; 2 October 2019 and 23 January 2020.

The following responses are given to the best of the Company's knowledge, and are based on the Parties' agreement as at the date of the announcement.

SGX Query 1:

On 13 February 2020, in the Company's response to SGX Query 3 on the open auction for the Auctioned Vessel, the Company disclosed that "After the execution of the Term Sheet, the Parties have agreed that the Auctioned Vessel would be sold to a third party buyer for a fixed purchase consideration of Rp 8.5 billion, instead of via an open auction as set out in the Term Sheet as set out in paragraph 2(iii)(b) on page 2 of the Announcement." Please disclose:

i. The identity of the third party buyer, its directors and shareholders;

The third-party buyer of the Auctioned Vessel is PT Kwan Samudera Mandiri ("PT KSM"), an Indonesia-incorporated company engaged in the business of sea freight services and having an issued and paid-up capital of IDR 25,000,000,000 divided into 25,000 shares.

The directors and shareholders of PT KSM are as follows:

Name	Designation	No. of Shares	Shareholding %
Tonny Wijaya (Indonesian)	President Director	16,250	65
Vincent Eka (Indonesian)	Director	2,500	10
Djong Kim Tju (Indonesian)	Commissioner	6,250	25

- ii. **Whether any of the third party buyer, its directors, shareholders, management is/are acting as a nominee, holding in trust or taking instructions or are financed by any of the directors, shareholders, management of the PSL Group companies or any other persons/ entities for the purpose of this acquisition;**

The Auctioned Vessel is being sold by PT MII to PT KSM directly. As far as the Company is aware, PT KSM is not acting as a nominee of, or holding anything in trust for, or taking instructions from, or being financed by, the Company or any of its directors and shareholders for the purpose of the sale of the Auctioned Vessel by PT MII to PT KSM.

- iii. **The identity of the introducer and clarify how the Company was introduced to the buyer. Please provide Listing Rule 1010 details;**

The Company came to know of PT KSM when PT MII informed the Company that PT KSM was prepared to purchase the Auctioned Vessel from PT MII. Discussions for the sale of the Auctioned Vessel were conducted between PT MII and PT KSM. On the Company's part, it assessed that the intended sale price of Rp 8.5 billion was consistent with market value, and therefore did not object to PT MII's proposal to sell the Auctioned Vessel to PT KSM. Listing Rule 1010 details are not applicable.

- iv. **How the consideration amount was decided and the basis for the amount;**

Discussions for the sale of the Auctioned Vessel were conducted between PT MII and PT KSM. The consideration amount of Rp 8.5 billion (the "PT KSM Consideration") was discussed between PT MII and PT KSM.

On the Company's part, it assessed that the intended sale price of Rp 8.5 billion was consistent with market value, and therefore did not object to PT MII's proposal to sell the Auctioned Vessel to PT KSM: (a) the Company had on 16 December 2019 obtained from Ritchie & Bisset (Asia) Pte Ltd a market valuation of "Pacific 3001", a barge built in 2009 and having dimensions of 7 tons/m² and L300' x B80' x D18', in the sum of SGD 810,000; and (b) since the Auctioned Vessel (i.e. "Pacific 3002") was similarly built in 2009 and had exactly the same specifications as "Pacific 3001", the Company was satisfied that the amount of the PT KSM Consideration was reasonable.

- v. **The terms of the disposal, terms of payment, certainty of payment based on the financial position of the third party buyer.**

Discussions for the sale of the Auctioned Vessel were conducted between PT MII and PT KSM. The Company does not have knowledge of the terms of the sale of the Auctioned Vessel by PT MII and PT KSM or the financial position of PT KSM.

SGX Query 2:

In the Company's response to SGX Queries 1 & 6, it was disclosed that the first instalment was to be paid within three (3) business days after ZICO receives the relevant sum in the escrow account and the PG Amount shall be repaid over a 3-year period by 36 equal monthly instalments. Please:

- i. **Explain why the amounts should be paid in instalments when the Sudirman Group will be paid the proceeds from the sale of the vessels and proceeds are normally paid immediately;**

PSL's decision to accept the offer of 36 instalment payments for USD 5,257,841 (the "PG Amount") along with accrued interest at 3% per annum on the outstanding PG Amount (collectively, the "Total PG") from the Sudirman Group was a commercial decision, having regard to the terms of the New Proposed Settlement as a whole. PSL is not aware whether the Sudirman Group seeks interim financing to pay PT MII for its repayment of the indebtedness of the same amount to the Sudirman Group.

- ii. **Disclose the safeguards that are put in place by the Company to prevent the Sudirman Group from defaulting on the payments again as was the experience of the Company in the past; and**

As stated in Paragraph 2(b)(iii) to 2(b)(v) on Page 3 of the Company's announcement titled "New Term Sheet for the Fresh Global Settlement of Outstanding Disputes in Relation to PT. Momentum Indonesia Investama" dated 23 January 2020, the Sudirman Group's repayment of the Total PG will be secured by a pledge in favour of the Company over the original unencumbered title deeds of the Sudirman Group Vessels (the "Collateral"). Further, if there is a default in timely payment of any of the instalments, the Company is entitled to sell all of the Sudirman Group Vessels which are secured by the Collateral.

- iii. **Justify based on the board's views why the payments in installment is not prejudicial to the interest of the Company and public shareholders. Please provide strong and specific basis for the board's views.**

The Company has, since around November 2016, been embroiled in protracted litigation proceedings arising out of its claims for amounts due and owing by Sudirman and Angelo to the Company in respect of the profit guarantee under the Conditional Sale and Purchase Agreement dated 17 March 2015.

Under Clause 4B in the CSPA, it was stated that Sudirman and Angelo would guarantee that the aggregate Net Profit After Tax ("NPAT") of PT MII for the period of 24 months (i.e. 730 calendar days) commencing from the Completion Date (the "Guaranteed Period") shall be at least US\$12,244,898.

PSL's entitlement for the profit guarantee is therefore capped at US\$6 million (49% of US\$12,244,898). The PG Amount of US\$5,257,841 is computed based on 36 days (26 November 2015 to 31 December 2015) from the 2015 audited accounts of PT MII and 694 days (1 January 2016 to 25 November 2017) from the unaudited management accounts of PT MII for 2016 and 2017.

The Company has also incurred substantial time and professional fees in relation to these litigation proceedings. In the event that the litigation proceedings are successful, and judgments are obtained against Sudirman and/or Angelo, the Company also envisages further time, cost and expense being incurred to enforce the judgments in Indonesia.

Having regard to these factors and to the commercial terms of the New Proposed Settlement as a whole, the Company is of the view that fixing the PG Amount at a sum of USD 5,257,841, and having the PG Amount repaid in instalments together with interest accruing at 3% per annum, is reasonable and is in the interests of the Company and its shareholders.

**BY ORDER OF THE BOARD
PSL HOLDINGS LIMITED**

**Stephen Leong, BBM
Vice Chairman and Executive Director
18 February 2020**