

RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S FULL YEARLY RESULTS ANNOUNCEMENT RELEASED ON 26 FEBRUARY 2021

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 8 March 2021 and would like to provide further information in relation to the Company's announcement titled "Unaudited Financial Statement and Related Announcement for the Fourth Quarter Ended 31 December 2020" dated 26 February 2021.

Unless otherwise defined, all terms and references used in this announcement shall bear the same meaning ascribed to them in the Company's announcements dated 26 February 2021.

SGX Query 1:

On page 1 of the Company's FY2020 results, the Company disclosed General and Administrative expenses amounting to \$2.9 million for the full year ended 31 December 2020. Please provide a breakdown of FY2020 vs FY2019 costs and explain material items.

As disclosed on page 11 of the Company's FY2020 results, the increase in general and administrative expenses is mainly due to professional fees incurred pertaining to the ongoing delisting process, coupled with higher general and administrative expenses recorded following the consolidation of PTMII.

The breakdown of general and administrative expenses in FY2020 and FY2019 comprises:

	Note	FY2020 S\$'000	FY2019 S\$'000
Depreciation of property, plant and equipment		179	132
Repair and maintenance		-	2
Utilities and telecommunication		16	14
Other expenses		2	42
Transportation expenses		5	33
General office expenses		112	109
Directors' remuneration and fees			
- fees		130	109
- wages and salaries		343	226
- employer's contributions to defined contribution plan		15	19
Employee compensation (excluding directors)			
- wages and salaries		906	901
- employer's contributions to defined contribution plan		38	63
		1,432	1,318
Commission		-	4
Entertainment and gifts		11	16
Professional fees		923	308
Motor vehicle related expenses		31	41
Rental on operating leases		6	7
Auditor's remuneration paid/payable to:			
- auditors of the Company		95	103
- other auditors		24	10
- non-audit		-	-
Listing expenses		35	21
Expenses incurred for incorporation of Indonesian subsidiaries		25	-
		2,896	2,160

SGX Query 2:

On page 1 of the Company's FY2020 results, the Company disclosed Other operating expenses amounting to \$4.6 million for the full year ended 31 December 2020. Please provide breakdown and elaborate on material expenses and provide details on the factors that resulted in the material costs/expenses reported. Please provide basis and substantiate values for significant impairments, where applicable.

As disclosed on page 2 of the Company's FY2020 results, the breakdown for other operating expenses comprises:

	Note	FY2020 S\$'000
Impairment loss on property, plant and equipment		2,843
Impairment loss on right-of-use assets		1,548
Write-down of inventories		75
Impairment of trade receivables		165
		4,631

The fair values of the Group's property, plant and equipment as well as right-of-use assets have been determined based on the valuation conducted by licensed valuers at KJPP Ihot, Dollar & Raymond, a licensed asset appraisal company in Jakarta, Indonesia (the "Indonesia Valuer"), prepared in accordance with the International Valuation Standards (2020 edition) as published by the International Valuation Standard Committee, KEPI (the Indonesian Valuer Code of Ethics) and SPI (Indonesian Valuation Standards, Edition VII – 2018).

In addition, as part of the FY2020 audit, the Group's external auditors have carried out a review on the valuation approach as well as the carrying value of the property, plant and equipment and right-of-use assets, and the related impairment losses recorded in FY2020.

SGX Query 3:

On page 3 of the Company's FY2020 results, the Company reported trade and other receivables amounting to S\$5.5million which represented 70.5%of the Group's revenue of S\$7.8million for the period ended 31 December 2020.

Please disclose:

- (i) For other receivables, the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, and whether this was incurred in the ordinary course of business;

As disclosed on page 4 of the Company's FY2020 results, the breakdown for trade and other receivables comprises:

	Note	As at 31 December 2020 S\$'000
Current assets		
Trade receivables – non-related parties		2,165
Allowance for impairment losses		(159)
		2,006
Advance payment to suppliers	A	37
Value-added tax (VAT) recoverable	B	717
Contingent consideration on acquisition of PTMII	C	2,461
Sundry receivables	D	125
		5,346
Deposits	E	36
Prepayments	F	166
		5,548

Note A – advance payments to suppliers

Relates to 30% downpayment made for the purchase of a crane truck and tyre handler by PT IPA.

Note B – value-added tax recoverable

Mainly relates to VAT recoverable for the purchase of heavy equipment by PT IPA. The VAT recoverable amount will be netted against future output tax payable by PT IPA.

Note C – contingent consideration on acquisition of PTMII

As stated in Paragraphs 8.1 and 8.2 on Page 6 of the Company's announcement dated 21 February 2020, the profit guarantee provided by Mr Sudirman Kurniawan and Mr Angelo Fernandus under the CSPA will be fixed at the sum of US\$5,257,841 (the "PG Amount") and Mr Sudirman Kurniawan, Mr Angelo Fernandus, PT. Triputra Senamustika (collectively, the "Sudirman Group") shall repay the PG Amount plus accrued interest on the outstanding PG Amount at a rate of three per cent (3.0%) per annum (collectively, the "Total PG") to the Company, over a 3-year period and in 36 monthly instalments.

The agreed repayment schedule in respect of the Total PG is set out in Schedule 2 of the Announcement dated 21 February 2020 and also attached under Appendix A of this Announcement for ease of reference.

As at the date of this Announcement, the Sudirman Group has made timely repayments for the 13 instalments in accordance to Appendix A of this Announcement and the final PG instalment will be due in January 2023.

Note D – sundry receivables

Sundry receivables mainly relates to expenses incurred by PT IPA to be reimbursed by PT CRM in accordance to the heavy equipment rental agreement and interest receivable on time deposits placed with financial institutions. As at the date of this Announcement, sundry receivables amounting to S\$103,000 have been repaid.

Note E – deposits

Mainly relates to rental deposit for PSL and PT IPA office premises. Deposits will be recovered upon termination of lease.

Note F – prepayments

Mainly relates to prepayments for staff insurance, road tax, IT services, insurance for heavy equipment and vehicles, as well as insurance for vessels. Prepaid amounts will be amortised to profit or loss when incurred.

The above other receivables under Notes A to F are incurred in the ordinary course of business.

(ii) **the ageing profile of the Group's trade and other receivables in bands of 3 months;**

Please refer to the ageing schedule below for the Group's trade receivables as at 31 December 2020:

	Current (S\$'000)	0-30 Days Due (S\$'000)	31-60 Days Due (S\$'000)	61-90 Days Due (S\$'000)	>90 Days Due (S\$'000)	Total (S\$'000)
Total AR as at 31 December 2020	718	771	517	-	-	2,006
Less: Subsequent receipts	(248)	(238)	(517)	-	-	(1,003)
Net AR	470	533	-	-	-	1,003

(iii) **whether these outstanding amounts are owing to related parties. If yes, to provide details and quantify;**

As disclosed on page 10 of the Company's FY2020 results, the Group successfully secured an agreement with PT CRM to lease and operate heavy equipment in May 2019. PT CRM is an independent third party unrelated to any of PSL's directors, controlling shareholders and each of their associates. Mr Edison, who is a 7.17% shareholder in PSL also owns 25% shares in PT CRM. He is not a director of PT CRM nor have any nominee(s) on the PT CRM board.

Save as mentioned above, none of these outstanding amounts are owing from related parties.

- (iv) **whether these debtors are related to any directors, key executives, substantial shareholders or their respective associates;**

Save as mentioned under the Company's response to Query 3(iii) above, none of the debtors are related to any of PSL's directors, key executives, substantial shareholders or their respective associates.

- (v) **whether these customers are still in operation; and**

Yes, these customers are still in operation.

- (vi) **the Board's assessment on the recoverability of the Group's trade and other receivables, and the basis for such an assessment.**

In assessing the recoverability of the trade and other receivables, the Group has taken into consideration the necessary information available such as risk profile, payment history and ageing data of the trade and other receivables. In addition, as part of the FY2020 audit, the Group's external auditors have carried out a review on the assumptions and reasonableness on the recoverability of the trade and other receivables.

Based on the above, the Board does not foresee any issues with the collection of the outstanding trade and other receivables.

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

**Kee Siang Hui
Executive Director
10 March 2021**

REPAYMENT SCHEDULE OF THE TOTAL PG

Instalment No.	Repayment of the PG Amount (US\$)	Repayment of the interest accrued on the PG Amount (US\$)	Total PG instalment payment (US\$)
1	\$146,051.14	\$13,144.60	\$159,195.74
2	\$146,051.14	\$13,144.60	\$159,195.74
3	\$146,051.14	\$13,144.60	\$159,195.74
4	\$146,051.14	\$13,144.60	\$159,195.74
5	\$146,051.14	\$13,144.60	\$159,195.74
6	\$146,051.14	\$13,144.60	\$159,195.74
7	\$146,051.14	\$13,144.60	\$159,195.74
8	\$146,051.14	\$13,144.60	\$159,195.74
9	\$146,051.14	\$13,144.60	\$159,195.74
10	\$146,051.14	\$13,144.60	\$159,195.74
11	\$146,051.14	\$13,144.60	\$159,195.74
12	\$146,051.14	\$13,144.60	\$159,195.74
13	\$146,051.14	\$8,763.07	\$154,814.21
14	\$146,051.14	\$8,763.07	\$154,814.21
15	\$146,051.14	\$8,763.07	\$154,814.21
16	\$146,051.14	\$8,763.07	\$154,814.21
17	\$146,051.14	\$8,763.07	\$154,814.21
18	\$146,051.14	\$8,763.07	\$154,814.21
19	\$146,051.14	\$8,763.07	\$154,814.21
20	\$146,051.14	\$8,763.07	\$154,814.21
21	\$146,051.14	\$8,763.07	\$154,814.21
22	\$146,051.14	\$8,763.07	\$154,814.21
23	\$146,051.14	\$8,763.07	\$154,814.21
24	\$146,051.14	\$8,763.07	\$154,814.21
25	\$146,051.14	\$4,381.53	\$150,432.67
26	\$146,051.14	\$4,381.53	\$150,432.67
27	\$146,051.14	\$4,381.53	\$150,432.67
28	\$146,051.14	\$4,381.53	\$150,432.67
29	\$146,051.14	\$4,381.53	\$150,432.67
30	\$146,051.14	\$4,381.53	\$150,432.67
31	\$146,051.14	\$4,381.53	\$150,432.67
32	\$146,051.14	\$4,381.53	\$150,432.67
33	\$146,051.14	\$4,381.53	\$150,432.67
34	\$146,051.14	\$4,381.53	\$150,432.67
35	\$146,051.14	\$4,381.53	\$150,432.67
36	\$146,051.10	\$4,381.53	\$150,432.63
Total	\$5,257,841.00	\$315,470.40	\$5,573,311.40