



Company Registration Number: 199707022K
(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF SHARES IN NEW SUBSIDIARY

1. INTRODUCTION

The board of directors (the “**Board**”) of PSL Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that PT PSL Commodities Indonesia, an indirect subsidiary of the Company (the “**Subscriber**”), has on 10 August 2017 entered into a subscription agreement (“**Agreement**”) with PT Indah Perkasa Abadi (the “**Target**”). Pursuant to the Agreement, the Subscriber will subscribe for shares in the capital of the Target (the “**Subscription**”) such that the Subscriber will hold 75% shareholding in the Target upon completion of the Subscription.

As the Subscriber is an indirect subsidiary of the Company, the Company will have an effective indirect interest of 74.3% in the Target and the Target will thus become a new indirect subsidiary of the Company upon completion of the Subscription. This announcement is thus being made pursuant to Rule 704(17)(c) of the Listing Rules.

2. DETAILS OF THE SUBSCRIPTION

The Target

The Target is a company incorporated in Indonesia on 29 April 2016 with an issued and paid-up capital of IDR1,250,000,000 consisting of 2,500 shares each with a nominal value of IDR500,000. The current shareholders of the Target are Mr William Jackson (“**William**”) and Mr Aga Tarov Yadev (“**Aga**”), who hold 99.3% and 0.7% of the shareholding in the Target respectively.

William is a commissioner and Aga is a director of the Target. Both of them are independent third parties and are not directly or indirectly related to the Company and/or its directors, controlling shareholders or their respective associates.

The Subscriber

The Subscriber is a company incorporated in Indonesia on 30 September 2016 with an issued and paid-up capital of IDR3,968,400,000 consisting of 300,000 shares each with a nominal value of IDR13,228. The current shareholders of the Subscriber are KCL Logistics Pte Ltd, a wholly-owned subsidiary of the Company, and Mr Sucipto, the Non-Executive Chairman of the

Company, who hold 99% and 1% of the shareholding in the Subscriber respectively. Accordingly, the Subscriber is an indirect subsidiary of the Company.

Target's Business Activities

The Target is principally engaged in the business of earthwork and related services, including but not limited to land clearing, earth filling and earth disposal.

Rationale for Subscription

The Board is of the view that the Subscription is beneficial to the Group as it provides the Group with the opportunity to enhance the Group's continuous effort to expand its construction logistics business and broaden its business footprint overseas.

Consideration

Pursuant to the Agreement, the Subscriber will subscribe for an aggregate of 7,500 shares, each having a nominal value of IDR500,000, in the capital of the Target (the "**Subscription Shares**") for an aggregate subscription price of approximately IDR3,750,000,000 in cash (the "**Consideration**").

The Consideration was arrived at after arm's length negotiations between the parties to the Agreement on normal commercial terms and after taking into consideration the nominal value per share in the capital of the Target, and will be funded through internal resources.

The Consideration will be paid to the Target upon the completion of the Subscription, which is conditional upon the approval of the Subscriber as well as the execution of a notarised deed amending the Target's deed of establishment to record the Subscriber as a shareholder of the Target.

Upon completion of the Subscription, the Target shall have an issued and paid-up share capital of IDR5,000,000,000 and its shareholders shall be as follows:

Shareholder	Number of shares in the Target held	Shareholding percentage
PT PSL Commodities Indonesia	7,500	75.0%
William	2,483	24.8%
Aga	17	0.2%

3. VALUE OF THE SUBSCRIPTION SHARES

Book Value, Net Tangible Asset Value and Open Market Value

Based on the latest unaudited financial statements of the Target for the six months ended 30 June 2017, the book value and the net tangible asset value of the Subscription Shares were both S\$145,117. There is no open market value for the Subscription Shares as they are not publicly traded.

4. FINANCIAL EFFECTS OF THE SUBSCRIPTION

4.1 Assumptions

The pro forma financial effects of the Subscription on the Group have been prepared based on the audited consolidated financial statements of the Company for its most recently completed financial year ended 31 December 2016 (“FY2016”), and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Subscription.

4.2 Net Tangible Assets

For illustrative purposes and assuming the Subscription had been completed on 31 December 2016, the pro forma financial effects on the consolidated net tangible assets (“NTA”) for FY2016 are as follows:

	Before the Subscription	After the Subscription
NTA (S\$'000)	36,843	36,905
Number of shares	46,405,830	46,405,830
NTA per share (S\$)	0.79	0.80

4.3 Earnings

For illustrative purposes and assuming the Subscription had been completed on 1 January 2016, the pro forma financial effects on the earnings per share of the Group for FY2016 are as follows:

	Before the Subscription	After the Subscription
Net loss attributable to shareholders after tax (S\$'000)	11,969	11,984
Weighted average number of shares	39,985,551	39,985,551
Loss per share (S\$)	0.30	0.30

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN CHAPTER 10 OF THE LISTING MANUAL

Based on the latest unaudited consolidated financial statements of the Group for the six month period ended 30 June 2017, the relative figures for the Subscription computed on the bases set out in Rule 1006 (“Rule 1006”) of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared	Not applicable ⁽¹⁾

with the Group's net asset value

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|-----|--|-------------------------------|
| (b) | Net profit attributable to the Subscription Shares acquired, compared with the Group's net loss before tax | Not meaningful ⁽²⁾ |
| (c) | The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares | 2.4% ⁽³⁾ |
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable ⁽⁴⁾ |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets | Not applicable ⁽⁵⁾ |

Notes:

- (1) Not applicable as the Subscription is not a disposal of assets.
- (2) The net profit before tax attributable to the Subscription Shares for the six month period ended 30 June 2017 of S\$62,597 (at an exchange rate of IDR9,737 / S\$1). As the Group recorded a net loss of S\$2,386,000 for the six month period ended 30 June 2017, the figure computed pursuant to Rule 1006(b) is not meaningful.
- (3) Based on the Consideration and the issued share capital of the Company of 46,405,830 shares in the capital of the Company ("**Shares**") and the volume weighted average price of S\$0.34 as at 31 July 2017 (being the last full market day prior to the date on which the Agreement was signed where trades were done on the shares of the Company) and based on an exchange rate of IDR9,737 / S\$1.
- (4) Not applicable as the Company is not issuing any equity securities as consideration for the Subscription.
- (5) Not applicable as the Subscription is not a disposal of mineral, oil or gas assets.

As the relative figure under Rule 1006(c) does not exceed 5%, the Subscription constitutes a non-discloseable transaction pursuant to Rule 1008 of the Listing Manual.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Subscription.

No person is proposed to be appointed as a director of the Company in connection with the Subscription and accordingly, no service contract is proposed to be entered into between the Company and any such person.

7. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company for a period commencing three (3) months from the date of this announcement.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

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

Tan Cheang Shiong
Chief Executive Officer

10 August 2017