PSL HOLDINGS LIMITED

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

(A) PROPOSED ACQUISITION OF SHAREHOLDING INTEREST IN PT MOMENTUM INDONESIA INVESTAMA

(B) PROPOSED DIVERSIFICATION OF CORE BUSINESS IN THE GROUP TO INCLUDE THE PROVISION OF MARINE LOGISTICS SERVICES

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1. INTRODUCTION

1.1 The Board of Directors of PSL Holdings Limited (the "**Company**" and together with its subsidiaries (the "**Group**")) wishes to announce that the Company has on 17 March 2015 entered into a conditional sale and purchase agreement (the "**Agreement**") with (i) Mr Sudirman Kurniawan and (ii) Mr Angelo Fernandus (collectively, the "**Vendors**" and each a "**Vendor**") for the acquisition by the Company of approximately 49% of the entire issued and paid-up capital of PT Momentum Indonesia Investama (the "**Target Company**") the "**Sale Interest**") for an aggregate consideration of US$11.5 million (the "**Consideration**") (the "**Proposed Acquisition**") in the following proportions:

(a) Mr Sudirman Kurniawan shall sell 653 ordinary shares in the Target Company representing 16.325% of the issued share capital of the Target Company; and

(b) Mr Angelo Fernandus shall sell 1,307 ordinary shares in the Target Company, representing 32.675% of the issued share capital of the Target Company.

It is intended that upon completion, the Sale Interest will be held by the Company through a newly incorporated wholly owned subsidiary of the Company via a prior restructuring (the "**Restructuring**").

1.2 Subject to approval of the shareholders of the Company (the "**Shareholders**"), the Company also intends to diversify (the "**Proposed Diversification**") its current expertise as a logistic provider in the construction industry into the new businesses of providing marine logistics services ("**Proposed New Business**").

1.3 An extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the Proposed Acquisition and the Proposed Diversification will be convened in due course.

2. PRINCIPAL TERMS OF THE PROPOSED ACQUISITON

2.1 Sale Interest

The Proposed Acquisition involves the acquisition by the Company of approximately 49% interest in the issued share capital of the Target Company, free from any encumbrances and claims, and together with all rights, benefits and entitlements attaching thereto.

2.2 Consideration and Valuation of the Target Company

The Consideration for the Sale Interest is an aggregate amount of US$11.5 million payable to the Vendors in the following manner:

(a) within 7 business days from the date of the Agreement, the payment of US$6,000,000 as deposit (the "**Deposit**"); and

(b) on the date of completion of the Proposed Acquisition (the "**Completion Date**"), the payment of US$5,500,000.

The terms of the Agreement provide that the Consideration shall be used by the Vendors to repay and hence reduce the outstanding bank loans of the Target Company to the aggregate amount of US$11.5 million (the "**Reduced Bank Loan Amount**"), following which the Company shall then pay down the Reduced Bank Loan Amount to nil within 30 days after Completion Date.

The Consideration was arrived at after arm's length negotiations between the Company and the Vendors, and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the net tangible assets ("**NTA**") and the business prospect of the Target Company.

Based on management accounts, the unaudited NTA of the Target Company as of 31 December 2014 was approximately S$12.6 million. The Board wishes to highlight that it is a condition precedent to completion that a valuation on the Target Company be conducted by an independent expert to be appointed by the Company.

The Deposit shall be fully refundable in the event (i) the Agreement and/or the transaction contemplated therein is terminated; or (ii) the sale and purchase of the Sale Interest is not completed. The refund shall be secured by:

(a) a standby letter of credit to be issued by PT Bank Danamon Indonesia Tbk in favour of the Company for an amount of US$4,000,000 ("**SBLC**") to be provided to the Company within 7 business days from the payment of Deposit, which the Company shall be entitled to call on in the event any amount of the Deposit is not refunded within the time stipulated therein; and

(b) a joint and several personal guarantee to be issued by the Vendors in favour of the Company for an aggregate guaranteed amount of US$2,000,000 (the "**Deposit Guarantee**") which has been provided to the Company, which the Company shall be entitled to call on in the event the Company has called on and received payment under the SBLC and there are outstanding amounts of Deposit yet to be refunded by the Vendors.

2.3 ADJUSTMENTS TO CONSIDERATION

It is agreed that in the event the NTA of the Target Company for the financial year ended 31 December 2014 ("**FY2014**") shall be less than US$10,000,000, the Consideration payable to the Vendors shall be reduced by such amount equivalent to the deficit.

In addition, Parties have also agreed that in the event the Target Company shall be in any accumulated loss position (i.e. negative retained earnings) as reflected in the Target Company's audited consolidated profit and loss accounts for FY2014 ("**FY2014 Audited Accounts**"), the Consideration payable to the Vendors shall be reduced by such amount equivalent to the actual amount of the accumulated loss, as reflected in the 2014 Audited Accounts.

2.4 Material Conditions Precedents of the Agreement

Completion of the Proposed Acquisition is conditional on, *inter alia*, the following being fulfilled:

(a) approval of Shareholders been obtained at the EGM for the Proposed Acquisition and Proposed Diversification;

(b) the results of the due diligence review of the Target Company being satisfactory to the Company in its sole discretion, save that such discretion not be exercised unreasonably and/or in bad faith;

(c) completion of all regulatory requirements, including receipt of all necessary approvals from relevant authorities and compliance with all applicable laws and the rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**");

(d) completion of the Restructuring;

(e) Mr Sudirman Kurniawan, having entered into a service agreement with the Company for an initial period of 3 years commencing from completion;

(f) the Deposit Guarantee and the PG Guarantee (as defined below) duly issued by the Vendors in favour of the Company;

(g) the delivery to the Company of a valuation report on the Target Company, to be dated no earlier than 6 months prior to the date of the shareholders' circular that will be prepared and despatched in connection with the EGM; and

(h) the delivery of the Target Company's audited consolidated profit and loss accounts for FY2014.

In the event that any of the conditions precedents set out in the Agreement is not fulfilled or waived within 12 months from the date of the Agreement, the Agreement shall *ipso facto* lapse and cease to have effect and none of the Parties shall have any claim against the other party, save in respect of any accrued rights or liabilities under the Agreement.

2.5 Non-compete Obligations

Each Vendor undertakes with the Company that:

(a) for a period of 5 years after the Completion Date, he shall not without the prior written approval of the Company, directly or indirectly, either on his own or jointly with a third party, carry on in Indonesia or in any country where it operates, a business which is or is likely to be in competition with the business of the Company; and

(b) for a period of 5 years after the Completion Date, he shall not without the prior written approval of the Company interfere with or endeavour to entice away from the Target Company any person who at the Completion Date, is an employee, customer or vendor of the Target Company.

2.6 Profit Guarantee

The Vendors have guaranteed that the aggregate NPAT (as defined below) of the Target Company 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 (the "**Guaranteed Amount**") (the "**Profit Guarantee**").

Rule 1013(1) of the Listing Manual (the "**Listing Manual**") of the SGX-ST requires the Company to disclose the following information in respect of a profit guarantee:

(a) the views of the board of directors of the issuer in accepting the profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view;

(b) the principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee or the profit forecast is based;

(c) the manner and amount of compensation to be paid by the vendor in the event that the profit guarantee or the profit forecast is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and

(d) the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee or the profit forecast is not met, if any.

For the purpose of this announcement, "**NPAT**" shall mean the consolidated net operating profit after tax of the Target Company for each financial year ended on the 31 December (the "**Accounts Date**"), excluding exceptional items and non-controlling interests, as reflected in the Target Company's audited consolidated profit and loss accounts in respect of that financial year of the Company ended on the Accounts Date.

Views of the Board

The Board is of the view that the Profit Guarantee from the Vendors would be beneficial to the Company and in accepting the Profit Guarantee took into consideration the following factors:

(a) the past and existing contracts of the Target Company, as provided by the Vendors; and

(b) the past operating expenses of the Target Company.

The principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee is based

In deriving the Guaranteed Amount, the principal assumptions including commercial bases and assumptions are as follows:

(a) the Profit Guarantee was determined on an "as-is" basis without taking into consideration the new customers contracted by the Target Company after the signing of the Agreement;

(b) the contracts with its customers and suppliers remain intact and will be renewed as and when they expire either with existing customers or with new customers; and

(c) operating expenses will either remain constant or that there will be a corresponding increase in revenue when operating expenses increase.

Manner and Amount of Compensation to be paid by the Vendors

In the event that the Target Company fails to meet the targeted NPAT for each of financial year which falls within the Guaranteed Period, the Vendors shall, within thirty days of the finalisation of the audited accounts for that relevant financial year, by the auditors of Company or such other date as the Vendors and Company may otherwise agree, repay to the Company such amount of cash compensation as set out below.

Under the terms and subject to the conditions of the Agreement, the Vendors and the Company have thereby agreed that (i) as at each Accounts Date for each of the 12 months ending 31 December ("**Financial Year**") within the Guaranteed Period (but excluding the Financial Year in which the Guaranteed Period expires); and (ii) at the Expiry Date (as defined below) for the Financial Year in which the Expiry Date occurs, the actual NPAT for:

(a) the period commencing on the day immediately after Completion Date and ending on the Accounts Date (for the Financial Year in which the Completion Date falls);

(b) the period commencing on 1 January and ending on the Accounts Date (for each subsequent Financial Year within the Guaranteed Period(but excluding the Financial Year in which the Guaranteed Period expires)); and

(c) the period commencing on 1 January and ending on the date on which the Guaranteed Period expires (the "**Expiry Date**"),

shall be compared against the corresponding NPAT Target for the same period (the "**Comparison**").

In the event there is any shortfall between the actual NPAT and the pro-rated NPAT Target (the "**Shortfall**"), subject to the terms and conditions of the Agreement, the Vendors shall, within thirty days of the finalisation of the audited accounts of the Target Company for that Financial Year, by the auditors of Target Company or such other date as the Vendors and the Company may otherwise agree, pay to the Company such amount of cash compensation representing a 49% share of the Shortfall for that period.

For the purpose of this announcement "NPAT Target" shall mean the Guaranteed Amount pro-rated on an equal 730 calendar day basis and grossed up to the actual number of days comprising the period in which the Comparison is made.

Safeguards put in place to ensure the Company's rights of recourse

To ensure the Company's right of recourse in the event the Profit Guarantee is not met, pursuant to the terms of the Agreement, the Vendors have agreed to issue a personal guarantee on a several basis and in accordance with the Vendors' pro-rata proportion of the Sale Interest (the "**PG Guarantee**"). Under the terms of the Agreement, the Company shall be entitled to call on the PG Guarantee if the Vendors fail to make payment of the Shortfall within the stipulated time period.

2.7 Funding

The Company intends to fund the Consideration using existing cash resources and/or bank borrowings.

3. RATIONALE FOR THE ACQUISITION

3.1 The Proposed Acquisition represents a shift of emphasis of the Company towards the Proposed New Business and is in-line with the Group's strategic plans and on-going efforts to pursue new investment opportunities.

3.2 In addition, the Proposed Acquisition will give the Group further exposure to the marine related services industry, to generate an alternative revenue stream to the Group so that the Group will be more resilient and not so dependent on one single industry and improve its profitability. The Proposed Acquisition is also intended to extend the Group's current expertise as a logistics provider for the construction industry to that also of the marine industry. This will help the Group to diversify its revenue stream so that the Group's financial performance is risk diversified across industries and not dependent on one single industry.

4. INFORMATION ON THE VENDORS AND THE TARGET COMPANY

4.1 Target Company

The Target Company is, a limited liability company established under the laws of the Republic of Indonesia, having its domicile at Batam. The Target Company was incorporated on 25 October 2011 and as at the date of the Agreement, the Company had an authorised capital of one million Rupiah (Rp. 1,000,000) and issued and paid up capital one million Rupiah (Rp. 1,000,000) divided into 4,000 shares each with nominal value of two hundred and fifty Rupiah (Rp. 250).

The Target Company is a marine related logistics services company which is principally engaged in the provision of tug and barge freight logistics and owns its own fleet of tug and barge vessels.

4.2 The Vendors

Mr Angelo Fernandus is an independent third party and is not directly or indirectly related to the Company and/or its Directors, controlling shareholders or their respective associates.

Mr Sudirman Kurniawan is a director of the Target Company. As at the date of this announcement, Mr Sudirman Kurniawan is a substantial shareholder of the Company and holds 27,200,000 ordinary shares in the capital of the Company. In addition, Mr Sudirman Kurniawan was previously a non-executive director of the Company and had stepped down from the Board with effect from 21 April 2014.

5. LISTING RULES

Under Chapter 10 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the "major transactions".

(a) Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Acquisition, are set out below.

Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with Group's net profits	27.3%(1)
Rule 1006(c) – the aggregate value of the consideration given or received,	39.4%(2)

compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	
Rule 1006(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 as no equity securities are to be issued by the Company as consideration.
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Both the assets to be acquired and the Group suffered losses in FY2014. The net losses attributable to the assets acquired, based on the management accounts of the Target Company for FY2014 is approximately S$1,108,000. The unaudited net loss of the Group for FY2014 (representing total comprehensive income) is approximately S$4,057,000.

(2) The aggregate value of the consideration given for the Proposed Acquisition is US$11.5 million (which is equivalent to S$16.01 million based on the exchange rate of US$1:S$1.3925 as of 16 March 2015, compared to the Company's market capitalisation of S$40.6 million (based on 386,721,035 shares in issue and the closing price of S$0.105 per Share of the Company transacted on 5 March 2015, being the full market day immediately prior to the date of the Agreement).

(b) Major Transaction

As the relative figure computed on the bases set out in Rule 1006(c) exceeds 20%, the Proposed Acquisition constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, under Rule 1014(2) of the Listing Manual, the Proposed Acquisition is required to be made conditional upon the approval by shareholders of the Company in a general meeting.

6. FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

6.1 Assumptions

The proforma financial effects of the Proposed Acquisition, based on, *inter alia*:

a. the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2014; and

b. the unaudited management accounts of the Target Company for the financial year ended to 31 December 2014;

The proforma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after completion of the Proposed Acquisition.

6.2 NTA per share of the Company

Assuming the Proposed Acquisition had been completed on 31 December 2014, the proforma financial effects of the Proposed Acquisition on the Group's consolidated NTA per share as at 31 December 2014 would have been as follows:

	Before Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited NTA	S$46,571,000	S$36,879,000
Number of issued shares	386,721,035	386,721,035
Unaudited NTA per share	12.04 cents	9.54 cents

6.3 Earnings per Share ("EPS")

Assuming the Proposed Acquisition had been completed at the beginning of the financial year ended 31 December 2014, the effects of the Proposed Acquisition on the EPS of the Group for FY2014 would have been as follows:

	Before Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited Net loss after tax for FY2014	(S$4,181,000)	(S$4,724,000)
Weighted Average Number of Shares	386,721,035	386,721,035
Unaudited EPS for FY2014	(1.08) cents	(1.22) cents

7. SERVICE AGREEMENTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Acquisition. However, under the terms of the Agreement, Mr Sudirman Kurniawan will be signing a service agreement with the Company on terms mutually agreeable between him and the Company for his appointment as an Executive Officer of the Company.

8. THE PROPOSED DIVERSIFICATION

8.1 The Group's existing business is providing logistics services for the construction industry. The Proposed New Business will involve a new business area substantially different from the Group's existing business. The Proposed New Business may in future form part of the core business of the Group, and it is envisaged that the Proposed New Business will change the existing risk profile of the Group.

8.2 Accordingly, an EGM will be convened to seek Shareholders' approval for the Proposed Diversification, which will allow the Group to enter into major transactions relating to the Proposed New Business.

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, other than as disclosed in this announcement and/or through their shareholdings (if any) in the Company, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

10. CAUTIONARY STATEMENT

Shareholders are advised that completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the Agreement. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

11. RESPONSIBILITY STATEMENTS

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 Proposed Diversification, the Proposed Acquisition, 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 any information has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case

may be, accurately reflected or reproduced in this announcement in its proper form and context.

12. CIRCULAR TO SHAREHOLDERS

A circular containing further details of the Proposed Acquisition and Proposed Diversification, together with a notice of the EGM will be despatched to Shareholders in due course.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company situated at 106 Tuas South Avenue 2, West Point Biz Hub, Singapore 637158 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
PSL HOLDINGS LIMITED

Mark Zhou You Chuan
Executive Director
17 March 2015