
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 UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 ANNOUNCEMENT RELEASED ON 1 MARCH 2019

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 6 March 2019 and would like to provide further information in relation to the Company's announcement titled "Unaudited Financial Statements and Related Announcement for the Fourth Quarter Ended 31 December 2018" dated 1 March 2019.

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 1 March 2019.

SGX Query 1:

We refer to the Company's announcement of its Full Year Results for the period ending 31 December 2018 ("FY2018") released on 1 March 2019. On page 4 of the FY2018 Results, "Contingent consideration on acquisition of PTMII" amounting to S\$6.1 million in FY2018 and S\$6.0 million in FY2017 were recorded as Current assets. Please elaborate on this item and how the value of the "Contingent consideration" is determined. Please explain why this had still not been realized even though it was classified as a current asset in FY2017.

Company's response to Query 1:

In accordance to the Conditional Sale and Purchase Agreement ("**CSPA**") dated 17 March 2015 and the Supplemental Sale and Purchase Agreement ("**SPA**") dated 3 August 2015 entered into by PSL's Former Management for the purchase of 49% of the entire issued and paid-up capital of PT Momentum Indonesia Investama ("**PTMII**") from Sudirman Kurniawan and Angelo Fernandus (hereinafter referred to as "**Vendors**"), the Vendors guaranteed that PTMII will achieve an aggregate profit of approximately S\$17,300,000 (US\$12,245,000) net profit after tax ("**NPAT**") over a 24-month period, commencing from November 2015 following completion of the acquisition by PSL's Former Management.

As announced on 19 April 2018, the Company had entered into a Binding Term Sheet as part of the Global Settlement to resolve all outstanding disputes with the Vendors of PTMII (the "**Proposed Settlement**") to secure repayment of US\$4.5 million against US\$6 million profit guarantee (49% of US\$12,245,000) stated in the CSPA and SPA concluded by PSL's Former Management as a total settlement of issues stated in the 19 April 2018 announcement. On 10 December 2018, the Company announced that it had entered into a Global Settlement Agreement with the Vendors of PTMII in relation to the Proposed Settlement.

The US\$4.5 million (S\$6.1 million in FY2018 based on exchange rate of 1.3632 and S\$6.0 million in FY2017 based on exchange rate of 1.3360) was classified as a current asset as at 31 December 2017 as the said amount was (as at the date of the Auditor's Report for FY2017, being 11 May 2018) expected to be collected in full by 31 December 2018. However, one of the PSL Escrow Period Vessels (Momentum 3007) sunk due to unforeseen adverse weather conditions on 3 August 2018 and negotiations regarding compensation for the sunken vessel led to a delay in the Proposed Settlement. The US\$4.5 million was classified as a current asset as at 31 December 2018 as it is

anticipated that the said amount would be fully collected by 31 December 2019, pending SGX's approval of our Circular to hold the EGM for Shareholders' approval of the proposed Global Settlement and subject to their approval.

SGX Query 2:

On page 4, under current liabilities, the Company reported a \$2.1 million "Loan from non-controlling shareholder of a subsidiary". Please disclose the identity of the lender, elaborate on the reasons why the non-controlling shareholder of a subsidiary is lending to the Company, terms of the loan, when the loan was granted, what the loan was used for, the reason for the reduction of the loan amount since 2017 and when the loan is due.

Company's response to Query 2:

The "Loan from non-controlling shareholder of a subsidiary" refers to the original shareholder, Mr William Jackson's loan on 7 August 2017 to fund the working capital of PT IPA. This was prior to PSL's acquisition on 18 August 2017 of 75% shares in the subsidiary.

The loan which bears interest at 11% per annum has no fixed repayment term, can be repaid either in part or in its entirety. For FY2017 and FY2018, Mr William Jackson has accepted to waive the interest on the loan. At Mr William Jackson's request, he was repaid S\$433,000, leaving balance of his loan of S\$2,061,000 to PT IPA as at 31 December 2018. Mr William Jackson currently owns remainder of the 25% shares in PT IPA.

SGX Query 3:

On page 9, the Company disclosed that "Revenue decreased by S\$1.7 million or 58% from S\$2.9 million in 4Q2017 to S\$1.2 million in 4Q2018 mainly due to scaling down of TSL operations and lower revenue from the Construction Logistics segment contributed by PT IPA". Please elaborate on the reasons for the lower revenue from PT IPA.

Company's response to Query 3:

PT IPA tendered from PT Waskita Karya Persero Tbk two toll road projects in South Sumatra and Central Java, with both projects completed in June 2018 and September 2018 respectively. Following completion of the two projects which unfortunately did not yield the profits projected, PT IPA withheld tenders for further projects.

SGX Query 4:

Paragraph 12 of Appendix 7.2 requires an issuer to state the reasons if no dividends has been declared. Please disclose accordingly.

Company's response to Query 4:

No profits were derived by PSL for FY2018 and with the accumulated losses to date, there were no retained earnings for any dividend appropriation.

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

**Stephen Leong, BBM
Vice Chairman and Executive Director
8 March 2019**