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

PROPOSED ACQUISITION OF 70% INTEREST IN NBN SCAFFOLDING PTE. LTD.

1. INTRODUCTION

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 15 March 2016 entered into a sale and purchase agreement (the "**Agreement**") with (i) Mr Neo Cheng Soon and (ii) Ms Koh Lai Hong (collectively, the "**Vendors**" and each a "**Vendor**") for the acquisition by the Company of 70% of the entire issued and paid-up capital of NBN Scaffolding Pte. Ltd. (the "**Target Company**") (the "**Sale Interest**") for an aggregate consideration of S$3,850,000 (the "**Consideration**") (the "**Proposed Acquisition**") in the following proportions:

(a) Mr Neo Cheng Soon shall sell 170,000 ordinary shares in the Target Company representing approximately 56.67% of the issued share capital of the Target Company; and

(b) Ms Koh Lai Hong shall sell 40,000 ordinary shares in the Target Company, representing approximately 13.33% of the issued share capital of the Target Company.

Upon completion of the Proposed Acquisition, the Target Company will become a subsidiary of the Company.

2. INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Singapore on 26 January 1994, with its principal place of business and registered office at 9 Defu Lane 4, Defu Industrial Park, Singapore 539413. It is engaged in the business of distributing and dealing in scaffolding materials and hardware and its related activities.

The current shareholders and directors of the Target Company are Mr Neo Cheng Soon and Ms Koh Lai Hong.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITON

3.1 Sale Interest

The Proposed Acquisition involves the acquisition by the Company of 70% 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.

3.2 Consideration

The Consideration for the Sale Interest is S$3,850,000 payable to the Vendors in the following manner:

(a) within three business days from the date of the Agreement, the payment of S$1,000,000 as deposit (the “**Deposit**”); and

(b) on the date of completion of the Proposed Acquisition (the “**Completion Date**”), the payment of the balance S$2,850,000.

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

3.3 Material Conditions Precedents of the Agreement

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

(a) the results of the due diligence review, in the areas of financial, legal, tax, commercial, regulatory and technical, conducted in respect 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;

(b) all approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the transfer of the Sale Interest being granted or obtained;

(c) Mr Neo Cheng Soon having entered into an employment contract with the Company for an initial period of three years commencing from the Completion Date;

(d) the delivery of the Target Company’s audited accounts for its financial year ended 31 January 2016 to the Company, with the audited accounts reflecting the following: (i) the cash and cash equivalents of the Target Company being not less than S$800,000; and (ii) the net tangible assets of the Target Company being not less than S$1,100,000; and

(e) the Target Company having as at the Completion Date a minimum cash balance of S$800,000, such cash balance being evidenced by the Vendors’ delivery of the original bank statement of the Target Company’s bank account as at Completion Date to the Company.

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 lapse and cease to have effect and save as provided in the Agreement, the Agreement shall be deemed terminated and each party shall not have any claim against the other party, save in respect of any accrued rights or liabilities under the Agreement and/or any claim by any party arising from antecedent breach of the terms thereof.

3.4 Non-compete Obligations

Each Vendor undertakes with the Company that:

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

(b) for a period of five years after the Completion Date, he/she shall not without the prior written approval of the Company, directly or indirectly, solicit or endeavour to entice away, offer employment to or employ, or offer or conclude any contract for services with, any person who at any time during the one year period ending on the Completion Date, is an employee, customer or vendor of the Target Company.

4. RATIONALE FOR THE ACQUISITION

The Company is of the view that the Target Company's business will complement the Group's existing business of providing logistics services to the construction industry. The Proposed Acquisition is expected to allow the Group to widen its customer base and to rejuvenate the revenue streams arising from the Group's trading and engineering segment, and is part of the Group's strategy to pursue suitable expansion opportunities to strengthen the Group's operations and financial position and to ensure continued growth and success of the Group.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

(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 (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") 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	Not meaningful[(1)]
Rule 1006(c) – the aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	17.8%[(2)]

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) The net profits attributable to the assets acquired, based on the audited accounts of the Target Company for its financial year ended 31 January 2015, are approximately S$1,123,108. As the Group recorded losses for its financial year ended 31 December 2015 ("**FY2015**") (based on the unaudited full year results announcement released on 26 February 2016), the figure computed pursuant to Rule 1006(b) is not meaningful.

(2) The consideration for the Proposed Acquisition is S$3,850,000, which is compared to the Company's market capitalisation of S$21,656,224.80 (based on 38,671,830 shares in issue and the closing price of S$0.56 per Share of the Company transacted on 14 March 2016, being the full market day immediately prior to the signing of the Agreement).

(b) Discloseable Transaction

As the relative figure under Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Assumptions

The proforma financial effects of the Proposed Acquisition set out below are based on, *inter alia*:

(a) the unaudited consolidated financial statements of the Group for FY2015; and

(b) the audited accounts of the Target Company for the financial year ended 31 January 2015.

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

6.2 NTA per share of the Company

Assuming the Proposed Acquisition had been completed on 31 December 2015, the proforma financial effects of the Proposed Acquisition on the Group's consolidated NTA per share as at 31 December 2015 would have been as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited NTA	S$40,995,000	S$37,999,000
Number of issued shares	38,671,830	38,671,830
Unaudited NTA per share	S$1.0601	S$0.9826

6.3 Earnings per Share ("EPS")

Assuming the Proposed Acquisition had been completed on 1 January 2015, the effects of the Proposed Acquisition on the EPS of the Group for FY2015 would have been as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited Net loss after tax for FY2015	(S$1,301,000)	(S$616,000)
Weighted Average Number of Shares	38,671,830	38,671,830
Unaudited EPS for FY2015	(S$0.0336)	(S$0.0159)

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 Neo Cheng Soon will be signing an employment contract with the Company on terms mutually agreeable between him and the Company for his appointment as Director, Trading and Engineering.

8. 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.

9. 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.

10. 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 18 Boon Lay Way, Tradehub 21 #09-96, Singapore 609966 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
PSL HOLDINGS LIMITED

Mark Zhou You Chuan
Executive Director
15 March 2016