
RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S AGREEMENT FOR EXTENSION OF TIME PURSUANT TO THE NEW SETTLEMENT AGREEMENT FOR THE FRESH GLOBAL SETTLEMENT OF OUTSTANDING DISPUTES IN RELATION TO PT. MOMENTUM INDONESIA INVESTAMA ANNOUNCEMENT RELEASED ON 9 APRIL 2020

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 13 April 2020 and would like to provide further information in relation to the Company's announcement titled "Agreement for extension of time pursuant to the new settlement agreement for the fresh Global Settlement of outstanding disputes in relation to Pt. Momentum Indonesia Investama" dated 9 April 2020.

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 21 February 2020 and 20 March 2020.

SGX Query 1:

On 9 April 2020, the Company announced that it had entered into an agreement for the extension of time pursuant to the New Settlement Agreement. Please explain:

i. Why is there a need to extend the deadline;

The Agreement for Extension of Time dated 8 April 2020 sets out parties' agreement to extend the following timelines:

- (a) an extension of the timeline for completion of the sale of the PT MIS Vessels from PT MII to PT MIS, for PT MII to procure PT MIS to pay the PT MIS Consideration of US\$8.5 million to PT MII, and for PT MII upon receipt of the PT MIS Consideration from PT MIS to pay an aggregate sum of US\$8.5 million to the Company, from 20 March 2020 to 20 April 2020 ("**Extension 1**");
- (b) an extension of the timeline for the withdrawal and/or discontinuance of the Outstanding Disputes, from 25 March 2020 to 25 April 2020 ("**Extension 2**"); and
- (c) an extension of the timeline for completion of the audit of PT MII's financial accounts for the period ended 31 December 2019, the issuance of an unqualified auditor's report, and the approval of such report by the board of PT MII, from 31 March 2020 to 14 April 2020 ("**Extension 3**").

The reasons for the Company's agreement to the requested extensions of time are as follows:

Extension 1

Under the New Settlement Agreement, PT MII was supposed to sell the PT MIS Vessels and arrange for the PT MIS Consideration of US\$8.5 million to be paid to the Company. On 18 March 2020, PT MII requested an extension of time to complete the PT MIS Vessels.

The Company's priority was and is to recover all outstanding amounts owed to it by PT MII, Sudirman and Angelo, and to improve its financial position. Agreeing to the requested extension of time would facilitate the payment of the aggregate sum of US\$8.5 million, which the Company expects to receive as repayment for the PSL Shareholder Loan.

Further, the Company is aware of the following consequences that would arise if the requested extension of time was not agreed to:

- (1) PT MII would be unable to perform its obligation to complete the transaction for PT MIS Vessels, and to pay the balance US\$8.5 million of the PSL Shareholder Loan to PSL, by the stipulated deadline on 20 March 2020. Accordingly, under the New Settlement Agreement, the global settlement would lapse entirely and parties would revert to the positions they were in as though the New Term Sheet and the New Settlement Agreement, as well as the Previous Proposed Settlement, were never entered into.
- (2) Should the global settlement lapse, the Company might have to repay all monies received under the New Term Sheet and the New Settlement Agreement. To-date, the Company has received: (i) the sum of US\$3 million received from PT MII as partial repayment of the PSL Shareholder Loan; (ii) the sum of US\$0.35 million received from PT MII as partial repayment of the accrued interest on the PSL Shareholder Loan; (iii) the sum of IDR 4.25 billion received from PT MII as the Company's 50% share of the proceeds of sale of the vessel Pacific 3002; and (iv) the sum of US\$0.32 million received from the Sudirman Group as first and second instalment payments of the Total PG.
- (3) Further, the Company would not be able to retain the insurance proceeds of IDR 8.35 billion which it received from the sinking of Momentum 3007, or the dividends, revenue and/or proceeds generated by the charterparties that the PT MIS Vessels have employed from 18 April 2018 to the date of completion of PT MII's sale of the PT MIS Vessels. In this regard, the Company currently has physical control of and is operating the PT MIS Vessels (comprising 5.5 sets of vessels).
- (4) The Company would also have to continue pursuing HC/S 1238/2016 and HC/S 573/2017 against Sudirman and Angelo in the Singapore High Court to recover the outstanding amounts in respect of the Profit Guarantee. It would also have to commence action against PT MII to recover the full amount of the PSL Shareholder Loan. Even if the Company can successfully obtain a court judgment against Sudirman, Angelo and PT MII respectively, enforceability of such judgment in Indonesia would not be straightforward, may be prolonged, and would cause the Company to incur further costs and expenses.

After careful consideration, the Company made the commercial decision to agree to the requested extension of time. The Company believes that continued focus on recovering the outstanding amounts owed to it in accordance with the timelines under the New Settlement Agreement (or as extended) would be in the best interests of its shareholders.

Extension 2

This extension of time was requested by the Company. Under the New Settlement Agreement, the withdrawal and/or discontinuance of the Outstanding Disputes, including HC/S 1238/2016 and HC/S 573/2017, was to take place after the Company receives the aggregate sum of US\$8.5 million from PT MII. To safeguard the Company's position, the Company agreed to Extension 1 on condition that the timeline for withdrawal of the Outstanding Disputes also be extended for a corresponding period of time (i.e. 1 month).

Extension 3

This extension of time was requested by PT MII on 31 March 2020, which was the very same day specified in the New Settlement Agreement for the completion of the audit of PT MII's financial accounts for the period ended 31 December 2019, the issuance of an unqualified auditor's report, and the approval of such report by the board of PT MII.

In its request, PT MII informed the Company that, due to the COVID-19 situation in Indonesia, the auditors engaged by PT MII required an extension of time to complete the audit and submit the audit report from 31 March 2020 to 9 April 2020. On that basis, PT MII requested for an extension of the completion of the audit of PT MII's financial accounts for the period ended 31 December 2019, the issuance of an unqualified auditor's report, and the approval of such report by the board of PT MII from 31 March 2020 to 14 April 2020.

On the basis that the requested extension of time was necessitated by the COVID-19 situation in Indonesia, and was not due to the fault of any party, the Company did not object to the requested extension of time.

ii. Why was the payment not received under the original deadline;

Please refer to the Company's response to Query 1(i) above in relation to Extension 1.

iii. Why is it in the interest of the Company to extend the deadline when there is a default in payment terms, noting the track record of the counter parties in making such payments in the past; and

Please refer to the Company's response to Query 1(i) above in relation to Extension 1.

iv. Whether any bank guarantees will be required for the extended timeline in view of the failure to make payments under original agreement. Please disclose the identity of the third party buyer and its directors and shareholders.

The Company has not requested any bank guarantees for the extended timelines, since no bank guarantees were required in respect of the relevant obligations under the New Settlement Agreement. In relation to Extension 1 for PT MII to repay the Company the balance US\$8.5 million of the PSL Shareholder Loan, no collaterals or bank guarantees had been requested by the Former Management of the Company for the PSL Shareholder Loan of US\$11.5 million either. Further, the Company was of the view that insisting on a bank guarantee at this juncture, in particular for Extension 1, would cause discussions with the counterparties to break down and the entire New Settlement Agreement to lapse with consequences as described above. This would frustrate the Company's efforts to settle, and jeopardise the Company's recovery.

SGX Query 2:

The Company disclosed that the sale of the PT MIS Vessels shall be extended to 20 April 2020. Please quantify the amount to be paid and disclose when the payment to the Company will be made.

Please refer to the Company's response to Query 1(i) above in relation to Extension 1. The PT MIS Vessels are to be sold by PT MII to PT MIS and/or its nominees for an aggregate consideration of US\$8.5 million. Pursuant to the Agreement for Extension of Time dated 8 April 2020, the deadline for PT MII to pay PSL the aggregate sum of US\$8.5 million was extended to 20 April 2020. Therefore, the Company expects to receive payment of the sum of US\$8.5 million by 20 April 2020.

SGX Query 3:

The Company disclosed that “The deadline of 31 March 2020 for the completion of the audit of PT MII’s financial accounts for the period ended 31 December 2019, the issuance of an unqualified auditor’s report, and the approval of such report by the board of PT MII shall be extended to 14 April 2020.” Please disclose:

- i. **Who are the auditors and what is the track record and reputation of the audit firm and audit partner; and**

The auditors for PT MII are Hadori Sugiarto Adi & Rekan.

Firm Information

Hadori Group is a national association of public accounting firm Hadori Sugiarto Adi & Rekan and a consulting company PT Hadori Consulting, each is an independent entity and operates independently. This group was founded by Hadori Yunus in 1973 under the name Hadori & Co. For more than 47 years, Hadori Group has built a strong reputation as a pool of highly dedicated professionals.

During that time, they provided services to various institutions such as State-Owned Enterprises, Public, Private and Foreign Companies, Foundations, Cooperatives, Social Organizations, World Bank, Central Bank of Indonesia and several Ministries and State Institutions. Hadori Sugiarto Adi & Rekan is a member of Indonesian Institute of Certified Public Accountant (“Ikatan Akuntan Publik Indonesia” or “IAPI”) and Indonesian Institute of Accountants (“Ikatan Akuntan Indonesia” or “IAI”). IAPI and IAI are members of International Federation of Accountants (IFAC).

Hadori Group joined HLB International in 1988. As a member of HLB International, Hadori Sugiarto Adi & Rekan is part of a worldwide network of independent professional accounting firms and business advisory firms in over 110 countries. At present, Hadori Sugiarto Adi & Rekan has 6 branches in Jakarta, Surabaya, Semarang and Yogyakarta, with 15 partners supported by 300 professionals with CPA certification.

Regulatory Environment

Hadori Sugiarto Adi & Rekan conducts the audit work based on the auditing standards (SPAP) issued by IAPI which were converged to the International Standards on Auditing (ISA) since 1 January 2014.

In auditing public-listed entities, Hadori Sugiarto Adi & Rekan also complies with requirements issued by Financial Services Authority (“Otoritas Jasa Keuangan” or “OJK”) and Indonesia Stock Exchange (“Bursa Efek Indonesia”).

Hadori Sugiarto Adi & Rekan performs annual independence testing to its partners and managers to determine whether there are any independence issues with its existing clients/prospective clients and team members.

System of Quality Control

Hadori Sugiarto Adi & Rekan is regularly reviewed by HLB International. The most recent was in June 2019. The audit firm has responsibility for quality and complies with the HLB Manual requirements in respect to qualify as stipulated in this responsibility for the firm’s quality control.

Hadori Sugiarto Adi & Rekan is also regularly reviewed by the Ministry of Finance through Centre of Financial Profession Development (“Pusat Pembinaan Profesi Keuangan” or “PPPK”) regarding the audit firm compliance with Ministry of Finance’s regulations. The most recent was in November 2019.

Credentials and Experience of Audit Partner

The engagement partner, Yudianto Prawiro Silianto ("Yudi"), has more than 10 years of experience in auditing and consulting services in Indonesia. Yudi is a Certified Public Accountant under Indonesian Institute of Certified Public Accountant ("Ikatan Akuntan Publik Indonesia" or "IAPI"). Yudi has been involved in audits of various industries which include independent power producer, construction, real estate, multi finance, plantation, hospitality, manufacturing, steel as well as oil and gas.

Yudi also handles several special assignments related to financial and tax due diligence, business restructuring and transfer pricing documentation. Yudi has been involved on the initial public offering (IPO) of shares and bonds offering/rights issue of several clients.

Representative Clients:

- PT Toba Pengembang Sejahtera
- PT Kertanegara Energi Perkasa
- PT Bakrie Swasakti Utama
- PT Gunawan Dianjaya Steel Tbk
- PT Esa Sampoerna
- PT Wonokoyo Joyo Corporindo
- Toba Group of Companies
- PT BPR Wiradhana
- PT BPR Taman Dhana
- PT Mitsui Leasing Capital Indonesia
- PT Trust Finance Tbk
- PT Satyadhika Bhakt
- PT Hakaru Metal Utama
- PT Jayamas Medica Industri
- PT Takiron Indonesia
- PT Siantar Top Indonesia Tbk and Subsidiaries

ii. Will the PSL board be given a copy of the audited financial statements.

As announced previously, PSL Management is unable to exercise its rights in the affairs and operations of PT MII nor any influence on PT MII's Management. We will try our best to request for a copy of the audited financial statements from PT MII.

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

**Stephen Leong, BBM
Vice Chairman and Executive Director
15 April 2020**