
RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S SUBSCRIPTION OF 11,000,000 NEW ORDINARY SHARES ANNOUNCEMENT RELEASED ON 23 NOVEMBER 2018

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**") in its email dated 27 November 2018 and would like to provide further information in relation to the Company's announcement titled "Subscription of 11,000,000 New Ordinary Shares" dated 23 November 2018 (the "**Subscription Announcement**").

Unless otherwise defined, where the context permits, all terms and references used in this announcement shall bear the same meanings as ascribed to them respectively in the Subscription Announcement, the Company's announcement titled "Global Settlement of the Disputes with Indonesian Counterparties" dated 19 April 2018 (the "**Global Settlement Announcement**") or the Company's announcement titled "Claim Against the Company – Settlement Agreement" dated 4 June 2018 (the "**TSL Settlement Announcement**").

SGX Query 1:

On 23 November 2018, the Company disclosed in its announcement that it has entered into two subscription agreements both dated 23 November 2018 (the "Subscription Agreements") with Awi Gunawan and Tan Chee Meng (collectively, the "Subscribers" and individually, a "Subscriber") for the placement to the Subscribers of an aggregate number of 11,000,000 new ordinary shares. Please disclose if the Subscribers know each other and if so, how were they introduced to each other. Do they have business dealings with each other?

The Subscribers do not know each other and they do not have any business dealings with each other. The Subscribers were separately identified and introduced to the Company by Mr Atan who is a current shareholder of the Company.

SGX Query 2:

In relation to Mr Awi Gunawan, please:

a. Provide all of his directorships;

Mr Awi Gunawan does not hold any directorship in any company at present. However, as disclosed in the Subscription Announcement, he is currently a commissioner and shareholder of PT. Riau Food Lestari ("**PT. Riau**"), an Indonesia-incorporated company engaged primarily in the importation of food and beverage. He was also previously the marketing manager of PT. Sinar Deli Pratama ("**PT. Sinar**"), an Indonesia-incorporated company engaged primarily in property development for more than 10 years.

b. Please disclose if any of the Company's directors, CEO, key management or substantial shareholders and their respective associates have any interest, past or present, directly or indirectly in PT Riau Food Lestari or PT Sinar Deli Pratama;

Mr. Suanli, the brother of Suman Hadi Negoro, a substantial shareholder of the Company, holds 50% shareholding in PT. Riau and is also the head of its board of commissioners. Mr. Awi Gunawan holds the remaining 50% shareholding in PT. Riau.

Save as disclosed above, the Company confirms that the Company's directors, CEO, key management or substantial shareholders and their respective associates do not have any interest, past or present, directly or indirectly in PT. Riau or PT. Sinar.

- c. **Please elaborate on the reasons why Mr Awi Gunawan is keen to invest in the Company as a strategic investor noting that the Company has made losses and has been placed on the Financial Watchlist, is involved in significant lawsuits related to the deconsolidation of PTMII and is scaling down TSL Transport & Engineering Pte Ltd's operations; and**

Notwithstanding the Company's Watchlist status, Mr Awi Gunawan is keen to take up new shares in the Company in view of its business in construction and marine logistics as well as its potential diversification into the property sector. This is in line with the industry that he is familiar with, given that he has more than 10 years' experience as the marketing manager of PT Sinar, an Indonesia-incorporated company engaged primarily in property development. The shifting of PSL's business focus to Indonesia is also another factor looked upon favourably by Mr Awi given his familiarity with the rules and regulations in respect of property development of the said country.

As disclosed in the Global Settlement Announcement, the Company had entered into a binding term sheet as part of the global settlement to resolve all outstanding disputes with the Vendors of PT Momentum Indonesia Investama ("PTMII"), and the Company's professional advisors are close to finalising the terms and conditions for resolving the global settlement. To this end, Mr Awi remains optimistic that the global settlement will put an end to the outstanding disputes and the Company will be able to move forward to develop its Marine Logistics business with the acquisition of vessels as part of ongoing efforts to implement profitable business strategies to enhance shareholder value.

In respect of the scaling down of TSL Transport & Engineering Pte Ltd's ("TSL") operations, the Company also finalised the Settlement Agreement on 4 July 2018 with, amongst others, the former operations director of TSL, Mr Koh Yew Ghee ("KYG"), pursuant to which, amongst others, (i) TSL became a wholly-owned subsidiary of the Group following a Share Transfer (as defined in the TSL Settlement Announcement) of KYG's entire shareholding interest in TSL to PSL and (ii) Suit 734 (as defined in the TSL Settlement Announcement) was discontinued and withdrawn. For context, the Share Transfer was undertaken as part of the settlement of disputes with KYG, and was primarily motivated by the Company's view that the then ongoing Suit 734 was undesirable and that the completion of the Share Transfer and the other transactions contemplated in the Settlement Agreement would put an end to Suit 734 and obviate the need for the Company to expend costly resources and enormous unproductive time on the resolution of the same. For more details, please refer to the Company's announcements dated 15 August 2017 and 4 July 2018 as well as the TSL Settlement Announcement. As TSL has incurred continuous losses, its operations have since been terminated with a view for it to be liquidated eventually.

Notwithstanding the above, due to (i) the immateriality of the results contributed by TSL to the Group and (ii) the fact that TSL's line of business, the transportation and supply of dump trucks and the provision of general engineering services, is not an industry that Mr Awi is familiar with, Mr Awi has expressed that the scaling down of TSL's operations did not have a significant impact on his decision to invest in the Company.

Moreover, Mr Awi is also confident that the Company's prospects remain healthy and encouraging, as the Net Asset Value per share is S\$0.53 and S\$0.52 for the Group and Company respectively, as disclosed in the Company's third quarter results announcement on 7 November 2018, in comparison to the current subscription price of S\$0.156 per share.

- d. **Disclose if Mr Awi Gunawan will be introducing new business opportunities to the Company. If so, please disclose.**

Mr Awi Gunawan will not be introducing new business opportunities to the Company. He intends to hold the shares in the Company as passive investments.

SGX Query 3:

In relation to Mr Tan Chee Meng, please:

- a. **Provide all of his directorships;**

Mr Tan Chee Meng currently holds directorships in the following companies:

<u>No.</u>	<u>Company Name</u>	<u>Date Incorp</u>	<u>Principal Activity</u>	<u>Position</u>	<u>Shareholding</u>
1	Selangan Aktif Sdn Bhd	11-12-1992	Property Letting	Director	50%
2	Onostatic Sdn Bhd	03-04-1993	Investment Holding	Managing Director	63%
3	Forebeach Resource Sdn Bhd	29-04-1993	Property Letting	Director	50%
4	Gubahan Jaya Sdn Bhd	21-12-1994	Property Letting	Managing Director	51%
5	Intan Hectare Plantation Sdn Bhd	22-01-1998	Plantations (Palm Oil)	Director	30%
6	Sungai Burung Plantations (Sabah) Sdn Bhd	09-04-1998	Plantations (Palm Oil)	Managing Director	55%
7	Tan Chin Huat & Brothers Sdn Bhd	07-09-2000	Timber Trading & Furniture Supplies	Managing Director	50%
8	Jeti Awal Idaman Sdn Bhd	15-05-2001	Jetty Handling Services	Director	25%
9	Usaha Pimpinan Sdn Bhd	12-11-2003	Property Letting	Managing Director	50%
10	Mestika Trade Services & Logistics Sdn Bhd	07-04-2004	Port Handling Services & Value Added Services	Managing Director	50%
11	Meng Siang Trading Asia Sdn Bhd	26-07-2004	General & Timber Trading, Import & Export	Managing Director	30%
12	Chin Huat Trading Sdn Bhd (previously called Chin Huat Trading Co, established in 1978)	25-08-2004	General Trading, Import & Export of all kinds of foodstuffs provisions & gen merchandise	Director	50%
13	Imperial Furnishing Marketing Centre Sdn Bhd	08-06-2005	Supplier & Retailer for all kinds of furniture & interior designing & renovation	Director	50%
14	Max-Allied Constructions Sdn Bhd	12-06-2007	Construction & Development	Company Director	60%
15	Viva Tropika Development Sdn Bhd	12-06-2007	Property Development	Company Director	50%
16	Setia Premix Sdn Bhd - Co No. 918862-A	19-10-2010	Construction & Delopment	Managing Director	20%

- b. **Disclose his background and names of his business entities;**

Mr Tan Chee Meng ("TCM") is a Malaysian businessman and investor who possesses a diverse investment portfolio. TCM has been involved in his father's business from labour to general and office works at a young age. He set up Meng Siang Trading Asia Sdn Bhd in 1994, a sole proprietorship business involved in import and export of foodstuffs, provision and general merchandise. He subsequently ventured into businesses such as timber trading, property letting, construction and development, interior designing and renovation. He also holds the positions of

managing director or director in several Malaysian companies engaged in the aforementioned businesses as disclosed under our response to Query 3a above. As part of increasing his existing investment portfolio and shareholding in the Company, TCM is keen to invest further in the Company.

- c. **Explain why is Mr Tan Chee Meng is keen to invest in the Company given that the Company as a strategic investor noting that the Company has made losses and has been placed on the Financial Watchlist, is involved in significant lawsuits related to the deconsolidation of PTMII and is scaling down TSL Transport & Engineering Pte Ltd's operations; and**

Notwithstanding the Company's Watchlist status, TCM is keen to take up new shares in the Company in view of its business in construction and marine logistics as well as its potential diversification into the property sector. As with Mr Awi, this is in line with the industry that he is familiar with, evident from his various directorships in property related industries as disclosed in our response to Query 3a.

TCM similarly remains optimistic that the global settlement, as discussed in our response to Query 2c above, will put an end to the outstanding disputes and the Company will be able to move forward to develop its Marine Logistics business with the acquisition of vessels as part of ongoing efforts to implement profitable business strategies to enhance shareholder value. In addition, owing to the immateriality of the results contributed by TSL to the Group as mentioned in our response to Query 2c, TCM's decision to invest in the Company was similarly unaffected by the scaling down of TSL's operations.

Moreover, TCM is also confident that the Company's prospects remain healthy and encouraging, as the Net Asset Value per share is S\$0.53 and S\$0.52 for the Group and Company respectively, as disclosed in the Company's third quarter results announcement on 7 November 2018, in comparison to the current subscription price of S\$0.156 per share.

- d. **Disclose if Mr Tan Chee Meng will be introducing new business opportunities to the Company. If so, please disclose.**

Mr Tan Chee Meng will not be introducing new business opportunities to the Company. He intends to hold the shares in the Company as passive investments.

SGX Query 4:

In relation paragraph 3.3(d) under Conditions to the completion of the Subscription, please disclose the undertakings and covenants that are referred to.

The undertakings and covenants that are referred to in Paragraph 3.3(d) of the Subscription Announcement refer to Clauses 5 and 6 of the Subscription Agreements which set out the standard warranties and undertakings by the Company (the "**Company's Warranties**") and the warranties, representations and undertakings by each Subscriber (the "**Subscribers' Warranties**") respectively in placement exercises.

The salient Company's Warranties include the following:

- (a) the Share Issue Mandate shall be valid, subsisting and adequate for the purposes of the issue of the Subscription Shares as at the Completion Date;
- (b) the Company shall comply with and procure that its Directors comply with all relevant statutory and regulatory requirements pertaining to the allotment and issue of the Subscription Shares, including without limitation, the requirements of the Listing Manual; and
- (c) the Company shall apply for the Subscription Shares to be admitted to, and listed for quotation on, the Official List of the SGX-ST and it shall execute all such documents and do all such acts and things as may be reasonably necessary for such purposes, including the submission of the ALA to the SGX-ST.

The salient Subscribers' Warranties include the following:

- (a) the Subscription Agreements constitute valid, binding and enforceable obligations of the Subscribers in accordance with their terms and applicable laws;
- (b) all consents, approvals, authorisations or such other orders of all relevant regulatory authorities required to be obtained by him for the execution of the Subscription Agreement and the subscription of the Subscription Shares and any other matters contemplated herein have been or will be obtained and are or will be in full force and effect at Completion;
- (c) he/she is not a director or substantial shareholder of the Company or any other persons as specified under Rule 812 of the Listing Manual;
- (d) he/she is not under the control or influence of any of the Company's Directors or substantial shareholders;
- (e) he/she is acquiring the Subscription Shares as principal and shall not offer them for resale in a manner prohibited by the Securities and Futures Act;
- (f) he/she will not be holding the Subscription Shares in trust or as a nominee; and
- (g) he/she is acquiring the Subscription Shares for their own account for investment.

For more information, please refer to the Subscription Agreements which are made available for inspection at the Company's registered office.

SGX Query 5:

In relation to the Company's private placement of an aggregate of 7,734,000 new ordinary shares at S\$0.3825 on 31 October 2016, which represented 20% of the share capital of the Company as at 22 September 2016, please disclose a specific breakdown of how the \$2.958 million amount was utilized for working capital.

On 31 October 2016, the Company completed the placement of an aggregate of 7,734,000 new Shares, at an issue price of S\$0.3825 for each new subscription share, for a cash consideration of S\$2,958,255 (the "**2016 Subscription**").

The intended use of proceeds of the 2016 Subscription were as follows:

- (i) 80% of the net proceeds would be used for funding growth and expansion (as and when opportunities arise); and
- (ii) the remaining 20% of the net proceeds would be used for working capital purposes.

Of the net proceeds of approximately S\$2.90 million of the 2016 Subscription, the Company has utilised:

- (a) S\$0.58 million of the net proceeds for working capital purposes, out of which approximately S\$0.47 million was used for employees' salaries and related costs, and the remainder was used for the repayment of creditors including professional fees, as announced by the Company on 10 November 2017;
- (b) S\$1.18 million of the net proceeds for funding growth and expansion, as announced by the Company on 1 March 2018; and
- (c) S\$1.14 million of the net proceeds for funding growth and expansion, as announced by the Company on 25 April 2018.

SGX Query 6:

In relation to the Company's private placement of an aggregate of 9,281,166 new ordinary shares at S\$0.348 for each subscription share in the capital of the Company on 20 December 2017, representing 20% of the total number of issued and paid-up ordinary shares in the share capital of the Company as at 20 June 2017, please disclose a breakdown of the amount utilized to date.

On 20 December 2017, the Company completed the placement of an aggregate of 9,281,166 new Shares, at an issue price of S\$0.348 for each new subscription share, for a cash consideration of S\$3,229,845.77 (the "**2017 Subscription**").

The intended use of proceeds of the 2017 Subscription were as follows:

- (i) 80% of the net proceeds would be used for funding growth and expansion (as and when opportunities arise); and
- (ii) the remaining 20% of the net proceeds would be used for working capital purposes.

Of the net proceeds of approximately S\$3.20 million of the 2017 Subscription, the Company has utilised:

- (a) S\$0.10 million and S\$0.64 million of the net proceeds for funding growth and expansion as well as for funding working capital purposes respectively, out of which the entire S\$0.64 million was used for employees' salaries and related costs, as announced by the Company on 25 April 2018;
- (b) S\$0.74 million of the net proceeds for funding growth and expansion, as announced by the Company on 15 May 2018; and
- (c) S\$0.61 million of the net proceeds for funding growth and expansion, as announced by the Company on 7 August 2018,

(collectively, the "**2017 Use of Proceeds**").

Other than the foregoing, there was no further use of proceeds from the 2017 Subscription to date.

A breakdown of the cumulative use of the net proceeds and the balance of the net proceeds is set out as follows:

Intended use of proceeds	Amount Allocated (S\$'million) / with percentage (%) allocation	Amount utilised (S\$'million)	Balance (S\$'million)
Funding growth and expansion (as and when opportunities arise)	2.56 (80%)	1.45	1.11
Working capital purposes	0.64 (20%)	0.64 ⁽¹⁾	-
Total (approximately)	3.20 (100%)	2.09	1.11

- (1) Out of the S\$0.64 million used for working capital purposes, S\$0.64 million was used for employees' salaries and related costs.

The utilisation of the 2017 Use of Proceeds was consistent with the intended uses stated in the Company's circular to shareholders dated 4 December 2017.

SGX Query 7:

In relation to the Company's current private placement, for the Use of Proceeds, please elaborate on the Company's specific plans to fund growth, development and expansion of its existing marine logistics, construction logistics and property business and exploration of new business opportunities. If none, please justify why the Company is constantly raising funds. Please elaborate on how previous fund raisings has helped improved the financial and operational performance and prospects of the Company in the past.

Reserve funds are required to fund the Company's contemplated acquisition of additional sets of tug boats, barges and equipment to enhance the overall operations of its marine logistics business on an economies of scale basis. We need ready funds to acquire additional income-producing assets at competitive prices when opportunities arise. Any surplus will likely be employed to acquire property related businesses.

SGX Query 8:

Given that the Company has S\$1.1 million which remains unutilised from its 2017 placement exercise and Cash and cash equivalents of S\$ 6.36 million as at 30 Sep 2018 and positive cash flow of S\$819,000 from operating activities for 3Q2018, with no immediate identified use for the proceeds, the Board to please justify why the current placement/fund raising (amounting to 19.8% of the existing issued shares of the Company) is in the best interest of the Company and its shareholders as a whole.

Further to our response to Query 7 above, the Company has had difficulty in obtaining loans from banks and is therefore required to have a reasonable quantum of ready cash for any opportune acquisition of profit-generating vessels and/or equipment at lower market values ranging from S\$950,000 to S\$1.6 million (desktop valuation based on market approach conducted by Ritchie & Bisset (Far East) Pte. Ltd. on 30 November 2017) when such are available. The acquisition of more and better vessels and/or equipment will enable the Company to derive operation revenues for consolidation of its liquidity resources to expand into property and other viable businesses.

SGX Query 9:

The Board and the Subscribers to please confirm if any of the Subscribers hold shares in trust or as nominees in relation to the Subscription Shares, will be taking instructions from anyone on the voting direction of the subscription shares from anyone, including for each other, or the Company's directors, substantial shareholders, their respective associates or anyone else. If so, please disclose specific details.

The Board and the Subscribers confirm that none of the Subscribers hold shares in trust or as nominees in relation to the Subscription Shares, nor will be taking instructions from anyone on the voting direction of the Subscription Shares, including for each other, or the Company's directors, substantial shareholders, their respective associates or anyone else.

In addition, as stated under paragraph 2.6 of the Subscription Announcement released on 23 November 2018, the Company has also confirmed that the Subscribers are individual investors and have represented to the Company that they are subscribing for the Subscription Shares for their own account for investment.

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

**Tan Cheang Shiong
Chief Executive Officer
29 November 2018**