

PSL HOLDINGS LIMITED

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

- (A) PROPOSED ACQUISITION OF SHAREHOLDING INTEREST IN PT MOMENTUM INDONESIA INVESTAMA – SUPPLEMENTAL AGREEMENT
 - (B) PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE
-

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

1. Introduction

The Board of Directors (the “**Board**” or “**Directors**”) of PSL Holdings Limited (the “**Company**” and together with its subsidiaries (the “**Group**”)) refers to the Company’s announcement released on 17 March 2015 (the “**Announcement**”) in relation to the conditional sale and purchase agreement dated 17 March 2015 (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**”). All capitalised terms used and not defined herein shall have the same meanings given to them in the Announcement.

2. Supplemental Agreement

The Board wishes to announce that the Company has on 3 August 2015 entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Vendors to amend the terms of the Agreement. Pursuant to the Supplemental Agreement, the key amendments to the Agreement include the following:

2.1 *Shareholders’ Agreement*

Pursuant to the Supplemental Agreement, it is a condition precedent to Completion that all the shareholders of the Target Company as at Completion Date shall enter into a shareholders’ agreement (the “**Shareholders’ Agreement**”) in the form set out in the Supplemental Agreement. The Shareholders’ Agreement provide for, *inter alia*:

- (i) the shareholders of the Target Company acknowledge that:
 - (a) the Deposit of US\$6,000,000 and US\$2,500,000 of the balance of the Consideration payable to the Vendors at Completion shall be used to pay down bank loans of the Target Company, and the balance US\$3,000,000 of the Consideration shall be paid to the Vendors in accordance with their pro-rata proportion of the Sale Interest. Accordingly, as at Completion Date, the Vendors shall have collectively granted a shareholders’ loan of US\$8,500,000 (in accordance with their pro-rata proportion of the Sale Interest), being part of the Consideration, to the Target Company (the “**Vendors Loan**”);

- (b) the Company shall grant a shareholders' loan of US\$11,500,000 to the Target Company within 30 days from the Completion Date (the "**Purchaser Loan**"), such amount to be utilised to pay down bank loans of the Target Company;
- (c) the terms and conditions of the Vendors Loan and the Purchaser Loan shall be materially the same, and that neither of the Vendors Loan nor the Purchaser Loan shall be on terms and conditions more favourable than the other. The shareholders of the Target Company agree that the terms and conditions of the Vendors Loan and the Purchaser Loan shall be agreed upon and documented at such time the respective lenders under the Vendors Loan and the Purchaser Loan deems fit in their own respective discretion;
- (ii) the shareholders of the Target Company agree that (i) the Target Company shall declare dividends for the financial year ending 31 December 2016, such dividends to be payable out of the profits of the Target Company available for the payment of dividends; (ii) no dividends shall be declared in respect of the financial year ending 31 December 2015; and (iii) no dividends shall be declared in respect of the financial years subsequent to the financial year ending 31 December 2016 unless the Vendors Loan and the Purchaser Loan have been repaid in full (the "**Dividend Policy**");
- (iii) the shareholders of the Target Company agree that no dividends shall be declared by the Target Company until such time the Target Company has generated a cumulative NPAT of at least US\$3,000,000 (the "**Dividend Profit Target**"), such accumulation of the profit amount required to achieve the Dividend Profit Target to commence only subsequent to the Completion Date. Subject to the foregoing, the policy in relation to dividends to be declared in respect of the financial year ending 31 December 2016 shall be as follows:

| NPAT for financial year ending 31 December 2016 | Dividend distribution scheme for financial year ending 31 December 2016 |
|--|--|
| US\$3,000,000 or less | - No dividends payable |
| Between US\$3,000,000.01 and US\$6,000,000 | - Quantum of dividends to be declared shall be no more than the excess of NPAT over US\$3,000,000 - The Company shall renounce its dividend entitlement to the Vendors in accordance with their pro-rata proportion of the Sale Interest |
| More than US\$6,000,000 | - Quantum of dividends to be declared shall be no more than the excess quantum of NPAT over US\$3,000,000 - In the event the total declared dividends is less than US\$3,000,000, the Company shall renounce its dividend entitlement to the Vendors in their pro-rata proportion of the Sale Interest - In the event the total declared dividends is more than US\$3,000,000, the Company shall only receive its dividend entitlement |

| | |
|--|--|
| | in respect of the total declared dividend quantum which is in excess of US\$3,000,000. The Company shall renounce its dividend entitlement in respect of the total declared dividend quantum of US\$3,000,000 to the Vendors in accordance with their pro-rata proportion of the Sale Interest |
|--|--|

- (iv) the shareholders of the Target Company agree that the restriction on the declaration of dividends until such time the Dividend Profit Target is achieved pursuant to paragraph (ii) above is to enable the outstanding principal under the Purchaser Loan to be paid down to the principal of US\$8,500,000. Accordingly, the aggregate profit amount (i.e. US\$3,000,000) generated pursuant to the Dividend Profit Target shall be used by the Target Company to repay the outstanding principal under the Purchaser Loan (the **“Initial Purchaser Loan Paydown”**). Any repayment of the outstanding principal under the Vendors Loan shall be in accordance with paragraph (v) below. For the avoidance of doubt, there shall be no repayment of outstanding principal under the Vendors Loan prior to the Initial Purchaser Loan Paydown.
- (v) the shareholders of the Target Company agree that the restriction on the declaration of dividends in respect of the financial years subsequent to the financial year ending 31 December 2016 unless the Vendors Loan and the Purchaser Loan has been repaid in full is to enable the outstanding principal under the Purchaser Loan and the Vendors Loan to be paid down to nil balance. Any available profits generated in the financial years subsequent to the financial year ending 31 December 2016 (the **“Available Loan Repayment Profits”**) shall be used by the Target Company to repay the Vendors Loan and the Purchaser Loan, until such time each of the Vendors Loan and the Purchaser Loan is fully repaid. Subject to the full repayment of each of the Vendors Loan and the Purchaser Loan, the 51% of the Available Loan Repayment Profits in respect of each relevant financial year and 49% of the Available Loan Repayment Profits for that same financial year shall be used to repay the Vendors Loan and the Purchaser Loan respectively, save that in the event the Vendors Loan has been fully repaid, all available Available Loan Repayment Profits shall be used to repay the Purchaser Loan. Subsequent to the full repayment of both the Vendors Loan and the Purchaser Loan, the Target Company shall be allowed to declare dividends and each of the then existing shareholders of the Target Company shall be entitled to receive their dividends in accordance with their then shareholding percentages.

2.2 Disposal of Self-Unloading Vessels

Pursuant to the Supplemental Agreement, the Vendors agree to procure that following Completion, the Target Company disposes of the three self-unloading vessels (the **“SUVs”**) that it owns. In the event there is a net gain from the disposal of the SUVs (after paydown of the financing liabilities incurred for the initial purchase of the SUVs) the Target Company shall be entitled to retain the net gains on its balance sheet. In the event there is a net loss from the disposal of the SUVs (after paydown of the financing liabilities incurred for the initial purchase of the SUVs), the Vendors shall refund the Target Company the net loss. The Vendors further undertook to bear all liabilities arising from or in connection with the SUVs from the date of the Target Company’s acquisition of such SUVs until and including the date of completion of the Target Company’s disposal of the SUVs.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

3.1 Taking into account the Supplemental Agreement and based on the unaudited consolidated financial statements of the Company for the financial period ended 31 March 2015 (“1Q2015”), 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 | 172.1% ⁽¹⁾ |
| Rule 1006(c) – the aggregate value of the consideration given or received, compared with the Company’s market capitalization based on the total number of issued shares excluding treasury shares | 41.2% ⁽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 before tax attributable to the Sale Interest, based on the management accounts of the Target Company for 1Q2015, are approximately S\$345,926. The unaudited net profits before tax of the Group for 1Q2015 is approximately S\$201,000.
- (2) The aggregate value of the consideration given for the Proposed Acquisition is US\$11.5 million (which is equivalent to S\$16.04 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\$38.9 million (based on 386,721,035 shares in issue and the weighted average price of S\$0.1006 per Share of the Company transacted on 5 March 2015, being the full market day immediately prior to the signing of the Agreement on which the Shares were traded).

3.2 As the relative figures computed on the bases set out in Rule 1006(b) and Rule 1006(c) exceed 20%, the Proposed Acquisition still 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.

4. 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 further 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.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement, together with the Agreement, is available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

(B) PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE

1. INTRODUCTION

1.1 The Board also wishes to announce that that the Company is proposing to undertake a share consolidation exercise (the “**Proposed Share Consolidation**”) pursuant to which the Company will consolidate every ten (10) existing ordinary shares (“**Shares**”) in the capital of the Company into one (1) ordinary share (“**Consolidated Share**”). Accordingly, under the Proposed Share Consolidation, every ten (10) Shares registered in the name of each shareholder of the Company (“**Shareholder**”) as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit (“**Books Closure Date**”), will be consolidated into one (1) Consolidated Share.

1.2 Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share. Any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. No payment will be made to Shareholders in respect of any resulting fractional interests in the Consolidated Shares which are disregarded.

2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

2.1 As at the date of this announcement, the Company has an issued share capital of S\$29,575,000 divided into 386,721,035 Shares. Following the Proposed Share Consolidation, the Company will have an issued share capital of S\$29,575,000 divided into approximately 38,672,103 Consolidated Shares.

2.2 Each Consolidated Share shall rank *pari passu* in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.

- 2.3 The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Group.
- 2.4 Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.
- 2.5 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the extraordinary general meeting ("**EGM**") to be convened by the Company, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.

3. RATIONALE OF THE PROPOSED SHARE CONSOLIDATION

- 3.1 The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders.
- 3.2 The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Proposed Share Consolidation. This will reduce the fluctuation in magnitude of the Company's share price and market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.
- 3.3 Further, the SGX-ST has introduced a minimum trading price of S\$0.20 as a continuing listing requirement for Mainboard-listed issuers. This has been implemented in March 2015 with a one-time transition period of 12 months, after which affected issuers will be provided a cure period of 36 months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Mainboard of the SGX-ST. The Proposed Share Consolidation would help facilitate the Company's ability to satisfy the prospective continuing listing requirement to be imposed by SGX-ST for Mainboard-listed issuers to have a minimum trading price per share of S\$0.20.
- 3.4 Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results as stated in this Section 3, nor is there assurance that such results (if achieved) may be sustained in the longer term.

4. ADJUSTMENTS TO THE WARRANTS

- 4.1 As at the date of this Announcement, the Company has 77,341,207 unexercised warrants (the "**Warrants**") issued pursuant to the deed poll dated 28 March 2012 executed by the Company for the purpose of constituting the Warrants (the "**Deed Poll**"). Pursuant to the terms and conditions of the Deed Poll, the Proposed Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Warrants and the number of Warrants.
- 4.2 In accordance with the provisions of condition 5.2.5 of the Deed Poll:
 - (a) the number of unexercised Warrants will be adjusted on the basis that 10 Warrants will be consolidated into one (1) adjusted Warrant ("**Adjusted Warrant**");

- (b) the existing exercise price of each Warrant will be adjusted from S\$0.34 to S\$3.40; and
 - (c) each Adjusted Warrant shall carry the right to receive one (1) new Consolidated Share.
- 4.3 The adjustment will be effective from the close of the market day immediately preceding the date on which the Proposed Share Consolidation becomes effective. Pursuant to the Deed Poll, any adjustment to the number of Warrants held by each Warrantholder will be rounded downwards to the nearest whole Warrant.
- 4.4 Shareholders are to note that the adjustments to the Warrants set out in this paragraph 4 are subject to SGX-ST's approval.
- 4.5 The Company will make further announcements in relation to these adjustments when appropriate. Shareholders are advised that the adjustments to the Warrants arise as a result of the Proposed Share Consolidation (in accordance with the terms of the Deed Poll). There will be no adjustments to the Warrants if the Proposed Share Consolidation is not effected.

5. APPROVALS AND CONDITIONS

- 5.1 The implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution at the EGM.
- 5.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares and the Adjusted Warrants pursuant to the Proposed Share Consolidation on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

6. DESPATCH OF CIRCULAR

- 6.1 Subject to the receipt of the approval in-principle from the SGX-ST, a circular containing, inter *alia*, further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.
- 6.2 Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

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

**Mark Zhou You Chuan
Executive Director
3 August 2015**