
RESPONSE TO QUERY RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Board of Directors of PSL Holdings Limited (the "**Company**") refers to the following query raised by the Singapore Exchange Securities Trading Limited ("**SGX**") in its email dated 17 August 2016 and would like to provide further information in relation to the Second Quarter Unaudited Financial Statements Announcement for the financial period ended 30 June 2016.

SGX Query:

Please provide details on the S\$10.3 million "Trade and other payables", which is material compared to the Company's revenue of S\$5.7 million. Please explain why these "Trade and other payables" are classified as "Non-current liabilities".

Company's Response:

Trade and other payables - S\$10,335,000

The trade and other payables of S\$10,335,000 comprise the following:

- Post-employment benefit obligation - \$25,000; and
- Amount due to related party - \$10,310,000

Post-employment benefit obligation

Post-employment benefit obligation relates to pension benefit in relation to the qualifying employees of one of the Company's foreign subsidiaries in Indonesia (hereinafter referred to as the "foreign subsidiary") in accordance with the Indonesian Labour Law No. 13/2003. According to the Indonesian Labour Law No. 13/2003, the foreign subsidiary is required to provide a minimum amount of pension benefit which represents a defined benefit pension plan for which the qualifying employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount is calculated based on the present value of the post-employment benefit obligation that is determined on an actuarial basis using a number of factors such as the discount rate and future salary increase.

The "post-employment benefit obligation" is classified as "non-current liabilities" as it represents the long-term financial obligation of the foreign subsidiary that is not due within the present accounting year.

Amount due to related party

Amount due to related party relates to non-current shareholders' loan payable to non-controlling interest of the foreign subsidiary which is subject to terms and conditions summarised as follows:

- (a) The loan amounts are to be utilised by the foreign subsidiary to pay down its existing bank loans;
- (b) Interest is payable on the loans at (i) 0.25% above the six-month Singapore Interbank Offered Rate; or (ii) 2%, whichever is lower, per annum;
- (c) The loan amounts are expected to be repaid in full by the foreign subsidiary by 2019; and
- (d) The interest on the loans shall be repaid by the foreign subsidiary to the respective lenders in arrears on or before each interest payment date, being the last day of each 12 months' period commencing on the date of the disbursement of the loan amounts to the foreign subsidiary and each subsequent 12 months' period up to and including the date of full repayment of the loan amounts.

The "amount due to related party" is classified as "non-current liabilities" as the amount is repayable after one year of the balance sheet date.

BY ORDER OF THE BOARD

Suriamartara Tjahaja
Executive Director
19 August 2016