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

RESPONSE TO THE SGX QUERIES IN RELATION TO THE UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "**Board**") of PSL Holdings Limited (the "**Company**") refers to the financial statements announcement for the fourth quarter and full year ended 31 December 2014 released by the Company on 24 February 2015 (the "**FY2014 Results Announcement**"). Unless otherwise stated, all terms and definitions used in this Announcement shall have the same meanings as defined in the FY2014 Results Announcement.

The Company has on 20 March 2015 received the following query from the Singapore Exchange Securities Trading Limited in relation to the FY2014 Results Announcement.

SGX Query 1:

In paragraph 1D(i) of the Announcement, the Company disclosed that "As announced on 19 January 2015, a) write off of $231,000 arising from settlement of balance of consideration for the divestment of subsidiaries pursuant to the Sale & Purchase Agreement dated 30 August 2013 and b) impairment of $700,000 on outstanding debts due to divested subsidiaries assigned to the Company."

i. Please disclose how much is the consideration due to the Company for the divestment of the subsidiaries and when was the amount supposed to be paid.

ii. Please explain the reason for the non-payment of the balance of consideration for the divestment and outstanding debts due to divested subsidiaries assigned to the Company.

Company's Response:

i. Pursuant to the Sale & Purchase Agreement dated 30 August 2013, S$16,613,000 was the consideration due to the Company of which S$12,012,000 (including cash and cash equivalents of divested subsidiaries of S$607,000) was collected as at 31 December 2013. The remaining balance due to the Company S$4,601,000 was to be paid in two installments of S$3,434,500 and S$1,166,500 by 31 January and 30 April 2014, respectively.

ii. As announced on 23 December 2014, some dispute between the purchaser and Company had arisen on the balance S$4,601,000 and that attempts at reaching a settlement were on-going. A settlement was reached on 16 January 2015 on the final instalment payable of S$4,370,000 as well as for the purchaser to use its best efforts to secure the collection of outstanding debts due to the divested subsidiaries. In consideration, the Company had agreed to pay the purchaser 50% of debts collected. On a prudent basis, the Company made a full provision of the aforementioned debts as they were outstanding for more than a year. Details of the settlement was announced on 19 January 2015 and the final instalment was received on 16 February 2015.

SGX Query 2:

In paragraph 8 of the Announcement, the Company disclosed that "Net cash used in investing activities was $4.9 million for FY2014 compared to net cash generated of $16.7 million for FY2013. This was due mainly to proceeds of $11.4 million received from disposal of subsidiaries in 2013 together with another $5 million refund received from PT Sinar Wijaya Pratama for FY2013. For FY2014, $6.26 million (US$5 million) deposit for proposed investment in Longmen was made for which a partial refund of $1.31 million (US$1 million) was received."

i. Please disclose whether there is any outstanding amount due from PT Sinar Wijaya Pratama

ii. Please provide details and terms of the deposit placed for proposed investment in Longmen of $6.26 million. Please disclose whether there are more refunds to be received by the Company, and if so, the timing of such refunds.

Company's Response:

i. The S$5 million refund was received in full in FY2013. There is no more outstanding amount due from PT Sinar Wijaya Pratama.

ii. Pursuant to the Company's announcements dated 14 May 2014 and 15 September 2014, the Company had entered into a non-binding MOU with Longmen Group Limited ("**Longmen**") in relation to a proposed investment in Longmen of which a US$5 million deposit was placed with Longmen. This MOU was extended on 15 September 2014. On 13 October 2014, the Company announced both parties had mutually agreed not to extend the expiring MOU.

With reference to the Company's announcements dated 2 December 2014 and 5 January 2015, the Company had received US$1 million and US$4 million dollars (including interest of 5.33%), respectively. The deposit has been refunded in full and there are no more funds to be received by the Company in respect of its proposed investment in Longmen.

BY ORDER OF THE BOARD

Mark Zhou You Chuan
Executive Director

20 March 2015