

PSL Holdings Limited

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

GLOBAL SETTLEMENT OF THE DISPUTES WITH INDONESIAN COUNTERPARTIES

1. INTRODUCTION

The Board of Directors (the “**Board**”) of PSL Holdings Limited (the “**Company**” or “**PSL**” and together with its subsidiaries, the “**Group**”) refers to the announcements dated 22 August 2016, 15 September 2016, 7 October 2016, 24 November 2016, 30 November 2016, 18 January 2017, 24 January 2017, 8 June 2017, 1 November 2017, 23 November 2017, 1 March 2018, 23 March 2018, 19 April 2018 and 7 August 2018 (the “**Announcements**”). Terms used in this announcement shall bear the same meaning as defined in the Announcements.

On 19 April 2018, PSL announced that it had on 18 April 2018 entered into the Term Sheet with Sudirman, Angelo, PT SSS, PT Triputra and PT MII for the proposed global settlement of all outstanding disputes in relation to PT MII (the “**Proposed Settlement**”).

The Board wishes to announce that PSL has on 10 December 2018 entered into a settlement agreement (the “**Settlement Agreement**”) dated 10 December 2018 with Sudirman, Angelo, PT SSS, PT Triputra and PT MII in relation to the Proposed Settlement.

2. THE PROPOSED SETTLEMENT

2.1. Global Settlement

In accordance with the terms of the Settlement Agreement, the parties agree to resolve all outstanding disputes in relation to PT MII, including but not limited to all disputes arising out of and/or in connection with the following agreements which were entered into on behalf of PSL by the former management of the Company (“**Former Management**”):

- (a) the Conditional Sale and Purchase Agreement dated 17 March 2015 (and as amended by the Supplementary Agreement dated 3 August 2015, the “**CSPA**”);
- (b) the Personal Guarantee dated 17 March 2015 and executed by Sudirman and Angelo in favour of PSL;
- (c) the Joint and Several Personal Guarantees dated 17 March 2015 and executed by Sudirman and Angelo in favour of PSL up to a maximum aggregate principal amount of US\$2.0 million;
- (d) the Shareholders’ Deed of Agreement between PSL, Sudirman, Angelo, PT SSS, PT Triputra and PT MII dated 25 November 2015 (the “**Shareholders’ Deed of Agreement**”);
- (e) the loan agreement between PSL and PT MII dated 25 November 2015 (the “**PSL Shareholder Loan**”); and
- (f) the Service Agreement dated 1 December 2015 between PSL and Sudirman,

(collectively, the “**Existing Agreements**”) and which are the subject matter of (i) proceedings commenced by PSL against Sudirman and Angelo in the courts of Singapore by way of HC/S 1238/2016 and HC/S 573/2017 for amounts due and owing by Sudirman and Angelo pursuant to the profit guarantee provided by Sudirman and Angelo under the CSPA (the “**Singapore Proceedings**”) and (ii) proceedings commenced by Sudirman against PSL and Angelo by way of Suit No. 201/PDT.G/2016/PN.BTM in the courts of Batam to nullify and void the CSPA (the “**Batam Proceedings**”), and any appeal therefrom.

2.2. Key Terms of the Settlement Agreement

The key terms of the Settlement Agreement are as follows:

- (a) PT MII will transfer, and Sudirman and Angelo will procure that PT MII transfers, to PSL and/or its nominee(s), the Remaining PSL Vessels, as identified in Schedule 1 of this announcement, (and all components and equipment on board the Remaining PSL Vessels) (the “**Proposed Vessels Transfer**”). In connection with the Proposed Vessels Transfer, PT MII, Sudirman, Angelo and PSL and/or its nominee(s) have entered into a vessels transfer agreement dated 10 December 2018 (the “**Vessels Transfer Agreement**”);
- (b) PSL shall sell to Sudirman, Angelo and/or their nominee(s) all of its shares in PSL Maritime Strategic Pte Ltd (“**PSL Maritime**”), which comprises 100% of the shares in the capital of PSL Maritime (the “**PSL Maritime Shares**”), for a consideration of S\$1 (the “**Proposed Share Transfer**”) and in connection with the Proposed Share Transfer, PSL, Sudirman and Angelo have entered into a sale and purchase agreement dated 10 December 2018 (the “**Share Sale and Purchase Agreement**”);
- (c) Sudirman and Angelo shall pay PSL the sum of US\$4.5 million (the “**Final Payment**”) within 21 days after Shareholder Approval is obtained; and
- (d) the parties agree that the Batam Proceedings and the Singapore Proceedings will be settled and the Existing Agreements will be terminated (the “**Proposed Settlement of Outstanding Disputes and Termination of Existing Agreements**”).

In connection with the Proposed Settlement, the parties agreed to enter into such other agreements and/or documents as may be reasonably necessary to formalise and give effect to the transactions contemplated by the terms of the Settlement Agreement (the “**Definitive Agreements**”), which shall include the Vessels Transfer Agreement and the Share Sale and Purchase Agreement.

2.3. Conditions Precedent to the Settlement Agreement

Completion of the Proposed Settlement is subject to, amongst others, the following conditions precedents being satisfied or waived (the “**Conditions Precedent**”):

- (a) PSL having obtained the approval of its shareholders by way of resolution at a general meeting of PSL for the transactions contemplated in the Term Sheet (the “**Shareholder Approval**”), as elaborated upon and given effect to by the Settlement Agreement and the Definitive Agreements within 6 months from the date on which the Settlement Agreement and the Definitive Agreements are executed (the “**Long-Stop Date**”); and
- (b) such necessary approval(s), consent(s), waiver(s) and/or exemptions (collectively, the “**Approvals**”) having been obtained by the parties from relevant third parties including all legislative, executive, regulatory, judicial, or other authorities in Singapore, Indonesia, or any other jurisdiction.

In the event that any of the Conditions Precedent are not satisfied or waived by the time that the Shareholder Approval is obtained, the Term Sheet, the Settlement Agreement and the Definitive Agreements shall be terminated (“**Deemed Nullity**”) and parties shall be free to exercise and enforce any rights they have, including any rights under the Existing Agreements and including the Outstanding Claims (as defined below).

3. THE PROPOSED VESSELS TRANSFER

3.1. Key Terms of the Proposed Vessels Transfer

PT MII shall transfer, and Sudirman and Angelo shall procure that PT MII transfers, to PSL and/or its nominee(s), the legal and beneficial titles to and physical possession of the

Remaining PSL Vessels (and all components and equipment on board the Remaining PSL Vessels) on the terms and conditions of the Settlement Agreement and the Vessels Transfer Agreement. The transfer of the Remaining PSL Vessels is anticipated to be made to an Indonesian PT shipping entity (as nominated by PSL) incorporated in Batam, and shall be in accordance with Indonesian law as well as the Articles of Association of PT MII.

Under the Term Sheet, the PSL Vessels proposed to be transferred pursuant to the Proposed Vessels Transfer comprised the Remaining PSL Vessels and Momentum 3007 (as identified in Schedule 4 of this announcement, the “**Sunk Vessel**”). In view of the sinking of the Sunk Vessel, only the Remaining PSL Vessels will be transferred pursuant to the Proposed Vessels Transfer. Please refer to PSL’s announcement dated 7 August 2018 for further information on the Sunk Vessel and to this paragraph 3.1 for further information on the exclusion of the Sunk Vessel from the Proposed Vessels Transfer.

Termination of the Pre-Escrow Charterparties

The 6 sets of tug-and-barge vessels as identified in Schedule 2 of this announcement (the “**PSL Escrow Period Vessels**”) were subject to charter parties prior to the date of the Term Sheet (i.e. 18 April 2018) (the “**Pre-Escrow Period Charterparties**”). PT MII is obliged to:

- (a) procure the termination of any such Pre-Escrow Period Charterparties, if they remain in effect as at the date of this Settlement Agreement;
- (b) make and bear the necessary payment(s) for any claim(s) or penalty(ies) arising from the termination of such Pre-Escrow Period Charterparties to any counterparties to the Pre-Escrow Period Charterparties; and
- (c) pay the full revenue, charter hire, freight and/or proceeds of such Pre-Escrow Period Charterparties, earned and/or received from the commencement of the Escrow Period (which shall refer to the period commencing on the date of the Term Sheet and ending on the date on which Shareholder Approval is obtained, or such other time as may be agreed between the parties) into a new bank account to be opened in PT MII’s name (the “**PSL Escrow Period Account**”) until such Pre-Escrow Period Charterparties have been terminated.

PSL acknowledges and agrees that, from the date of the Term Sheet (i.e. 18 April 2018), it shall not pursue any claims and/or enforce any legal rights against PT MII, Sudirman and Angelo in respect of any and all obligations or liabilities of whatsoever kind or nature and howsoever arising, whether in law or equity, whether under Singapore or any other laws, whether known or unknown (past, present and future), that arise out of or in connection with the following transactions which were entered into on behalf of PSL by the Former Management:

- (a) the entry into the Pre-Escrow Period Charterparties;
- (b) the termination of the Pre-Escrow Period Charterparties;
- (c) the entry into and termination of the charterparties entered into between PT MII and PT Armada Rock Karunia Transshipment dated 22 December 2015 and 1 January 2017; and
- (d) the entry into and termination of the contract of affreightment entered into between PT MII and Geo Coal International Pte Ltd dated 30 June 2015 (the “**Geo Coal Contract**”),

save that in the event of a Deemed Nullity or completion of the Proposed Vessels Transfer, the Proposed Share Sale and Final Payment not taking place, PSL shall be entitled to pursue any claims and/or enforce any legal rights it may have arising out of or in connection with the entry into the Pre-Escrow Period Charterparties and/or the entry into and termination of the Geo Coal Contract.

Escrow Period Arrangement

For the duration of the Escrow Period:

- (a) PSL and/or its nominees shall be entitled to: (i) exercise all rights of physical possession over the PSL Escrow Period Vessels; and (ii) upon notice in writing to PT MII, require PT MII to deliver up to PSL, within 21 days of the said notice, copies of all documents and records relating to the Vessels (including but not limited to charterparties, logbooks, and statements of expenditure relating to the Vessels' operations);
- (b) Sudirman and Angelo and/or their nominees shall be entitled to (i) exercise all rights of physical possession over the vessel identified in Schedule 3 of this announcement ("**PSL Non-Escrow Period Vessel**") and the 5 of the 12 sets of tug-and-barge vessels owned by PT MII which are not the PSL Vessels (the "**Remaining Escrow Period Vessels**"); and (ii) upon notice in writing to PT MII, to require PT MII to deliver up to Sudirman and/or Angelo, within 21 days of the said notice, copies of such documents and records relating to the Remaining Escrow Period Vessels;
- (c) PSL shall be entitled to direct PT MII to enter into new charterparty(ies) in connection with the PSL Escrow Period Vessel(s) ("**New PSL Charterparties**") and Sudirman and Angelo shall also be entitled to direct PT MII to enter into new charterparty(ies) in connection with the PSL Non-Escrow Period Vessel and the Remaining Escrow Period Vessel(s);
- (d) PSL shall be solely responsible for obtaining charterparties and/or contracts of affreightment for the PSL Escrow Period Vessels and shall ensure that the full revenue, charter hire, freight and/or proceeds of such charterparties and/or contracts shall be paid into the PSL Escrow Period Account; and
- (e) Sudirman and Angelo shall be responsible for obtaining charterparties and/or contracts of affreightment for the PSL Non-Escrow Period Vessel and the Remaining Escrow Period Vessels and Sudirman and Angelo shall ensure that the full revenue, charter hire, freight and/or proceeds of such charterparties and/or contracts shall be paid into a new bank account to be opened in PT MII's name, of which Sudirman and Angelo are the joint authorised signatories.

Proposed Vessels Transfer

Upon Shareholder Approval being obtained:

- (a) the PSL Lawyers shall release to PSL, or to a party nominated by PSL, the original copies of the unencumbered title deeds to the Remaining PSL Vessels no earlier than on the Physical Transfer Date (as defined below) and subject to the terms of the escrow agreement dated 2 May 2018 between PSL, Sudirman, Angelo and the PSL Lawyers;
- (b) upon written notice given by PSL, Sudirman and Angelo shall deliver the PSL Non-Escrow Period Vessel to PSL within 45 days from the date that Shareholder Approval is obtained and the PSL Non-Escrow Period Vessel will be delivered to a location in Batam to be nominated by Sudirman and/or Angelo and all costs and expenses arising out of or in connection with this relocation will be borne by Sudirman and Angelo; and
- (c) PSL shall be entitled to exercise all rights as the legal and beneficial owners of the Remaining PSL Vessels and Sudirman and Angelo shall cease to be entitled to exercise any rights of physical possession to the PSL Non-Escrow Period Vessel.

Within 30 days of Shareholder Approval being obtained, PT MII shall provide to PSL, Sudirman and Angelo all duly executed legal documents that are required to complete the Proposed Vessels Transfer.

PT MII shall bear all costs (including any tax payable) and expenses arising out of or in connection with the preparation, negotiation, execution and implementation of the Proposed Vessels Transfer, provided that:

- (a) the Proposed Vessels Transfer is made to an Indonesian PT shipping entity incorporated in Batam to be nominated by PSL;
- (b) the Remaining PSL Vessels are physically docked, or otherwise situated, at a location in Batam to be nominated by Sudirman and/or Angelo which shall take place by no later than 45 days after the date of Shareholder Approval being obtained (the **"Physical Transfer Date"**);
- (c) PSL shall take all steps and bear all costs and expenses required to relocate the PSL Escrow Period Vessels, wherever situated, to Batam, by the Physical Transfer Date and Sudirman and Angelo shall take all steps and bear all costs and expenses required to relocate the PSL Non-Escrow Period Vessel, wherever situated, to Batam, by the Physical Transfer Date; and
- (d) PSL shall take all steps and bear all costs and expenses required to relocate the PSL Escrow Period Vessels (save for the Sunk Vessel) to Batam by the Physical Transfer Date. Sudirman and Angelo shall take all steps and bear all costs and expenses required to relocate the PSL Non-Escrow Period Vessel to Batam, by the Physical Transfer Date.

PSL may, in its discretion and at its option, inform PT MII, Sudirman and Angelo by notice in writing that it intends to proceed to execute, complete and implement the Proposed Vessels Transfer to PSL and/or its nominee notwithstanding that the above conditions are not fulfilled. In such event, in respect of any costs and expenses arising out of or in connection with the preparation, negotiation, execution and implementation of the Proposed Vessels Transfer, PT MII shall only be liable for an amount not exceeding US\$50,000 in aggregate and PSL and/or its nominee(s) shall bear any remaining costs and expenses in respect of the same.

Where the PSL Escrow Period Vessels remain subject to the New PSL Charterparties as at the Physical Transfer Date, PT MII (i) shall not be liable for any and all losses, claims, damage and actions arising out of or in connection with these existing charterparty(ies) due to the need to relocate the PSL Escrow Period Vessels to Batam; and (ii) shall agree to any assignment, novation and/or transfer of the New PSL Charterparties to PSL and/or PSL's nominee, and shall execute the necessary documentation effecting the same prior to the Physical Transfer Date. The costs of preparing the said documentation shall be borne by PSL.

In the event that Shareholder Approval is not obtained by the Long-Stop Date or the Conditions Precedent are not satisfied or waiver or the Final Payment Is not made:

- (a) PSL, Sudirman and Angelo shall no longer be entitled to exercise any rights over the PSL Escrow Period Vessels, the PSL Non-Escrow Period Vessel or the Remaining Escrow Period Vessels;
- (b) the PSL Lawyers shall, within 14 days of such event, return to PT MII the original copies of the unencumbered title deeds to the Remaining PSL Vessels;
- (c) PSL, Sudirman and Angelo shall hand over physical possession of the PSL Escrow Period Vessels (save for the Sunk Vessel), PSL Non-Escrow Period Vessel, and Remaining Escrow Period Vessels at a date and location to be agreed among PSL, Sudirman, Angelo and PT MII;
- (d) PSL, Sudirman and Angelo shall, within 14 days of such event, return to PT MII all documents and records (including the originals) relating to the Remaining PSL Vessels and the Remaining Escrow Period Vessels which were provided; and

- (e) PSL shall return the Insurance Payment (as defined below) it received (if any) within 14 days of such event.

PSL, Sudirman and Angelo shall however be entitled to retain any dividends which PT MII may have declared during the Escrow Period and the PSL Shareholder Loan shall remain due and payable from PT MII on the terms set out under the Shareholders' Deed.

Insurance Payment in respect of the Sunk Vessel

PT MII shall assign and/or pay to PSL any and all of the proceeds and/or benefits which may be paid under the insurance claim filed with Adira (under the policy number 990417000288) on 3 August 2018 through PT MII's insurance broker, PT Fresnel Perdana Mandiri, and/or under any other claim filed with any other insurer, relating to or in connection with the sinking of the Sunk Vessel (the "**Insurance Payment**"). The relevant parties have agreed that the Insurance Payment shall be approximately S\$0.75 million¹.

The Insurance Payment (if any) shall be assigned and/or paid by PT MII to PSL within 14 days of PT MII receiving the same. PSL and/or its nominees agree to waive, release and discharge PT MII, Sudirman and Angelo from all their obligations arising out of or in connection with the sinking of the Sunk Vessel.

3.2. Information on the Remaining PSL Vessels

Details of the Remaining PSL Vessels which are the subject of the Proposed Vessels Transfer can be found in Schedule 2 of this announcement.

3.3. Consideration for the Proposed Vessels Transfer

As the Proposed Vessels Transfer is being undertaken as part of the global settlement pursuant to the Settlement Agreement, there is no specific apportionment of consideration for the Proposed Vessels Transfer under the Settlement Agreement.

However, for the purposes of PSL's obligations under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the aggregate consideration for the Remaining PSL Vessels shall be deemed to be S\$17.10 million (the "**Consideration**"), being the aggregate of the present day market value under prevailing market conditions of the Remaining PSL Vessels pursuant to the Desktop Valuation Report (as defined below) and the Insurance Payment in respect of the Sunk Vessel. The deemed Consideration will be satisfied by the completion of the transactions contemplated by the Settlement Agreement.

3.4. Rationale for the Proposed Vessels Transfer

As a result of the PT MII Disputes, PSL has fully deconsolidated PT MII from its marine logistics segment and re-classified its investment in PT MII as an "available-for-sale" asset with effect from 1 January 2017. The Proposed Vessels Transfer is part of the global settlement of all outstanding disputes in relation to PT MII pursuant to the Settlement Agreement.

The Proposed Vessels Transfer is primarily motivated by PSL's overriding concern to preserve shareholders' value and, by extension, to resolve the Disputes. It is PSL's view that to prolong the Disputes is undesirable and that the completion of the Proposed Vessels Transfer and the other transactions contemplated in the Settlement Agreement will bring a resolution to the Disputes and obviate the need for PSL to expend costly resources and enormous unproductive time on the resolution of the same. In the same vein, the Proposed Vessels Transfer would also augment PSL's ability to develop its business in its marine logistics pursuant to the transfer of the Remaining Vessels.

¹ All amounts which were in IDR have been converted to S\$ in this announcement based on an exchange rate of IDR10,638 to S\$1

3.5. Value of the PSL Vessels

Book Value and Net Asset Value

Based on the latest unaudited financial statements of PT MII for the financial period ended 31 December 2017, the book value and the net tangible asset value of the Remaining PSL Vessels was S\$19.54 million and S\$19.54 million respectively and the book value and the net tangible asset value of the Sunk Vessel was S\$1.59 million and S\$1.59 million respectively.

Market Value

There is no open market value of the PSL Vessels.

Net Profit

Based on the latest unaudited financial statements of PT MII for the financial period ended 31 December 2017, the net profit before tax attributable to the Remaining PSL Vessels and the Sunk Vessel was S\$1.84 million and S\$0.29 million respectively.

Valuation

Ritchie & Bisset (Far East) Pte. Ltd. (the “**Previous Valuer**”) had previously been appointed by PSL as an independent valuer to conduct a desktop valuation on the PSL Vessels (“**Desktop Valuation**”). The Desktop Valuation was carried out by the Previous Valuer on an “as she lies” basis and on the basis of “prompt charter free delivery and equipped with valid statutory & classification certificates”. In arriving at the Desktop Valuation, the Previous Valuer relied on the market approach. The desktop valuation report dated 30 November 2017 which was prepared by the Previous Valuer (the “**Desktop Valuation Report**”) stated that the present day market value under prevailing market conditions of the Remaining PSL Vessels and the Sunk Vessel was S\$16.35 million and S\$1.60 million respectively. No further valuation on the PSL Vessels was conducted by PSL.

3.6. Financial Effects

Assumptions

The pro forma financial effects of the Proposed Vessels Transfer on the Group have been prepared based on the figures derived from the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“**FY2017**”), and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Vessels Transfer.

Net Tangible Assets

For illustration purposes and assuming the Proposed Vessels Transfer had been completed on 31 December 2017, the pro forma financial effects on the consolidated NTA for FY2017 are as follows:

	Before the Proposed Vessels Transfer	After the Proposed Vessels Transfer
NTA (S\$'000)	32,853	36,762
Number of Shares ('000)	55,687	55,687
NTA per Share (S\$)	0.59	0.66

Earnings

	Before the Proposed Vessels Transfer	After the Proposed Vessels Transfer
Net profit/(loss) attributable to shareholders after tax (S\$'000)	(5,639)	(3,797)
Weighted average number of shares ('000)	46,711	46,711
Earnings/(loss) per share (S\$)	(0.11)	(0.08)

Share Capital

The Proposed Vessels Transfer will not have any effect on the share capital and shareholding structure of PSL as it does not involve the allotment and issuance of any new shares in PSL.

3.7. Relative Figures for the Proposed Vessels Transfer

Based on the latest announced consolidated financial statements of the Group for the financial period ended 30 September 2018 ("3Q2018"), the relative figures for the Proposed Vessels Transfer computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net loss before tax attributable to the PSL Vessels acquired, compared with the Group's net loss before tax and minority interests	(129) ⁽¹⁾
(c)	The aggregate value of the consideration given for the PSL Vessels, compared with PSL's market capitalization based on the total number of issued shares excluding treasury shares	205 ⁽²⁾
(d)	The number of equity securities issued by PSL as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on the net profit before tax of the PSL Vessels acquired pursuant to the Proposed Vessels Transfer of S\$1.84 million and the net loss before tax of the Group for 3Q2018 of S\$1.43 million.
- (2) Based on the Consideration and the issued share capital of PSL of 55,686,996 ordinary shares in the capital of PSL and the volume weighted average price of S\$0.15 as at 6 December 2018 (being the market day preceding the date of the Settlement Agreement).

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 100%, and the Proposed Vessels Transfer will not result in a change in control of PSL, the Proposed Vessels Transfer would constitute a "very substantial acquisition" under Rule 1015 of the Listing Manual. Accordingly, the Proposed Vessels Transfer is conditional upon, inter alia, the

approval of the SGX-ST and the shareholders of PSL ("**Shareholders**") being obtained pursuant to Rule 1015 of the Listing Manual.

PSL has applied to the SGX-ST on 30 April 2018 for a waiver from compliance with Rule 1015 of the Listing Manual in respect of the Proposed Vessels Transfer so that the Proposed Vessels Transfer will be regarded as a major transaction under Rule 1013 of the Listing Manual (the "**Waiver**") and will update shareholders on the outcome of such waiver application.

4. THE PROPOSED SHARE TRANSFER

4.1. Key Terms of the Proposed Share Transfer

PSL shall sell to Sudirman, Angelo and/or their nominee(s) the PSL Maritime Shares, which comprises 100% of the shares of PSL Maritime, free from all encumbrances, and together with all rights, benefits and entitlements attaching thereto, on the terms set out in the Settlement Agreement and the Share Sale and Purchase Agreement.

4.2. Information on the PSL Maritime Shares and the Vendor

PSL Maritime

PSL Maritime is a limited liability company established under the laws of the Republic of Singapore and is an investment holding company. PSL Maritime was incorporated on 5 May 2015 by the Former Management on behalf of PSL and has an issued and paid up capital of S\$10,000 consisting of 10,000 ordinary shares. PSL Maritime is wholly-owned by PSL.

PT JSI

PT JSI is a limited liability company established under the laws of the Republic of Indonesia, having its domicile in North Jakarta, and is an investment holding company. PT JSI was incorporated on 11 May 2015 by the Former Management on behalf of PSL and has an authorised capital of IDR 12 billion.

The current shareholders of PT JSI are as follows:

Shareholder	Number of Shares held in PT JSI	Shareholding Percentage
PSL Maritime	119,880 (the "PT JSI Shares")	99.9%
Sudirman	120	0.1%

PT SSS

PT SSS is a limited liability company established under the laws of the Republic of Indonesia, having its domicile in North Jakarta, and is an investment holding company. PT SSS was incorporated on 11 May 2015 by the Former Management on behalf of PSL and has an authorised capital of IDR 5 billion.

Shareholder	Number of Shares held in PT SSS	Shareholding Percentage
PT JSI	19,998 (the "PT JSI Shares")	99.90%

Shareholder	Number of Shares held in PT SSS	Shareholding Percentage
Sudirman	2	0.01%

PT MII

PT MII is a limited liability company established under the laws of the Republic of Indonesia, having its domicile at Batam. PT MII was incorporated on 25 October 2011 and has an authorised capital of IDR 4 billion. PT MII commenced commercial operations in 2013 and is a marine related logistics services company which is principally engaged in the provision of tug and barge freight logistics and owns its own fleet of tug and barge vessels. PT MII has been providing freight logistics services in Indonesia since April 2013. PT MII provides transshipment mainly between Java, Kalimantan, Sumatra and Sulawesi.

The current shareholders of PT MII are as follows:

Shareholder	Number of Shares held in PT JSI	Shareholding Percentage
Sudirman	11,220	10.20%
Angelo	11,220	10.20%
PT SSS	53,900 (the "PT MII Shares")	49.00%
PT Triputra	33,660	30.60%

4.3. Consideration

The consideration for the Proposed Share Transfer is S\$1 ("**Shares Consideration**"), taking into account that:

- (a) the Proposed Share Transfer is being undertaken as part of the global settlement pursuant to the Settlement Agreement;
- (b) the book value and net tangible asset value of the PSL Maritime Shares;
- (c) PSL Maritime does not have any significant assets on its books other than the PT JSI Shares;
- (d) PT JSI does not have any significant assets on its books other than the PT SSS Shares;
- (e) PT SSS does not have any significant assets on its books other than the PT MII Shares; and
- (f) the fact that PT MII will be in a net liability position after the Proposed Vessels Transfer and the transfer of the Remaining Vessels.

The Shares Consideration will be deemed to be satisfied by the completion of the transactions contemplated by the Settlement Agreement.

4.4. Rationale

As a result of the Disputes, PSL has fully deconsolidated PT MII from its marine logistics segment and re-classified its investment in PT MII as an “available-for-sale” asset with effect from 1 January 2017.

The Proposed Share Transfer is being done as part of the global settlement of all outstanding disputes in relation to PT MII pursuant to the Settlement Agreement. Pursuant to the Proposed Share Transfer, PSL will be able to divest its stake in PT MII, as well as PT JSI and PT SSS (in which Sudirman is a minority shareholder).

The Proposed Share Transfer is primarily motivated by PSL overriding concern to preserve shareholders’ value and, by extension, to resolve the Disputes. PSL is of the view that to prolong the Disputes is undesirable and that the completion of the Proposed Share Transfer and the other transactions contemplated in the Settlement Agreement will bring a resolution to the PT MII Disputes and obviate the need for PSL to expend costly resources and enormous unproductive time on the resolution of the same.

4.5. Value of the PSL Maritime Shares

Book Value and Net Asset Value

Based on the latest unaudited financial statements of PT MII for the financial period ended 31 December 2017, the book value and the net tangible asset value of the PSL Maritime Shares was nil and nil respectively as investment in PT MII has been fully impaired as at 31 December 2016. PSL has also fully deconsolidated PT MII from its marine logistics segment and re-classified its investment in PT MII as an “available-for-sale” asset with effect from 1 January 2017. Further (i) PSL Maritime does not have any significant assets on its books other than the PT JSI Shares; (ii) PT JSI does not have any significant assets on its books other than the PT SSS Shares; and (iii) PT SSS does not have any significant assets on its books other than the PT MII Shares.

Based on the Share Consideration of S\$1 and the book value of the PSL Maritime Shares of nil, the Proposed Share Transfer is not expected to result in a material excess over the book value of the PSL Maritime Shares.

Market Value

There is no open market value of the PSL Maritime Shares as it is not a listed company.

Net Profit/Loss

Based on the latest unaudited financial statements of PT MII for the financial period ended 31 December 2017, there was no net profit or loss before tax attributable to the Shares as the Company has fully deconsolidated PT MII from its marine logistics segment and re-classified its investment in PT MII as an “available-for-sale” asset with effect from 1 January 2017. Further: (i) PSL Maritime does not have any significant assets on its books other than the PT JSI Shares; (ii) PT JSI does not have any significant assets on its books other than the PT SSS Shares; and (iii) PT SSS does not have any significant assets on its books other than the PT MII Shares.

Gain/Loss on Proposed Share Transfer

Based on the latest announced unaudited financial statements of the Group for 3Q2018, the Proposed Share Transfer is not expected to result in a material gain or loss on disposal of to the Group.

Share Capital

The Proposed Share Transfer will not have any effect on the share capital and shareholding structure of PSL as it does not involve the allotment and issuance of any new shares in PSL.

Valuation

There was no valuation undertaken on the PSL Maritime Shares.

4.6. Financial Effects

Assumptions

The pro forma financial effects of the Proposed Share Transfer on the Group have been prepared based on the figures derived from the latest audited consolidated financial statements of the Group for FY2017, and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Share Transfer.

Net Tangible Assets

For illustration purposes and assuming the Proposed Share Transfer had been completed on 31 December 2017, the pro forma financial effects on the consolidated NTA for FY2017 are as follows:

	Before the Proposed Share Transfer	After the Proposed Share Transfer
NTA (S\$'000)	32,853	32,851
Number of Shares ('000)	55,687	55,687
NTA per Share (S\$)	0.59	0.59

Earnings

	Before the Proposed Share Transfer	After the Proposed Share Transfer
Net profit/(loss) attributable to shareholders after tax (S\$'000)	(5,639)	(5,639)
Weighted average number of shares ('000)	46,711	46,711
Earnings/(loss) per share (S\$)	(0.11)	(0.11)

Share Capital

The Proposed Share Transfer will not have any effect on the share capital and shareholding structure of PSL as it does not involve the allotment and issuance of any new shares in PSL and the Share Consideration is satisfied in cash.

4.7. Relative Figures for the Proposed Share Transfer

Based on the latest announced consolidated financial statements of the Group for 3Q2018, the relative figures for the Proposed Share Transfer computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the PSL Maritime Shares to be disposed of, compared with the Group's net asset value	Not material ⁽¹⁾
(b)	Net loss before tax attributable to the PSL Maritime Shares acquired, compared with the Group's net loss before tax	Not material ⁽²⁾

and minority interests

- | | | |
|-----|---|-----------------------------|
| (c) | The aggregate value of the consideration given for the PSL Maritime Shares, compared with PSL's market capitalization based on the total number of issued shares excluding treasury shares | Not material ⁽³⁾ |
| (d) | The number of equity securities issued by PSL as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable |
| (e) | The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets | Not applicable |

Notes:

- (1) Not material as the net asset value of the PSL Maritime Shares is nil.
- (2) Not material as there was no net profit or loss before tax attributable to the PSL Maritime Shares.
- (3) Based on the consideration for the Proposed Share Transfer and the issued share capital of PSL of 55,686,996 ordinary shares in the capital of PSL and the volume weighted average price of S\$0.15 as at 6 December 2018 (being the market day preceding the date of the Settlement Agreement).

As the relative figures on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual do not exceed 5%, the Proposed Share Transfer constitutes a "non-disclosable transaction" to which Rule 1008 of the Listing Manual applies.

5. THE PROPOSED SETTLEMENT OF OUTSTANDING DISPUTES AND TERMINATION OF EXISTING AGREEMENTS

Upon the execution of the Settlement Agreement and the Definitive Agreements, Shareholder Approval being obtained, and the Final Payment being paid by Sudirman and Angelo to PSL and/or its nominee(s), the parties agree that, amongst others:

- (a) all claims in relation to or arising from the Existing Agreements, including but not limited to the Singapore Proceedings (as defined below) and the Batam Proceedings (as defined below) (the "**Outstanding Claims**"), shall be fully waived and released, without any admission of liability;
- (b) PSL, Sudirman and Angelo shall withdraw and/or discontinue the Singapore Proceedings within 7 days from the Final Payment;
- (c) PSL, Sudirman and Angelo shall withdraw and/or discontinue the Batam Proceedings) within 7 days from the Final Payment. For the avoidance of doubt, PSL, Sudirman and Angelo agree to set aside and/or undertake not to enforce any decision of the Pekanbaru High Court, if such a decision has been made and/or delivered;
- (d) PSL shall not undertake any forensic or other investigation or audit into the matters of PT MII;
- (e) PSL, Sudirman and Angelo agree not to bring any claims or commence any proceedings whatsoever in any jurisdiction against any other party (including its subsidiaries, successors and assigns) in relation to, arising out of, or in connection with the Existing Agreements;

- (f) PSL shall have no further claims against PT MII in respect of PSL's Shareholder Loan or any interest thereunder; and
- (g) the Existing Agreements will be terminated by mutual agreement with immediate effect upon the Final Payment being made and each party shall waive, release and discharge the other relevant parties from all obligations and liabilities arising out of or in connection with the Existing Agreements which they are party to.

As mentioned in paragraph 2.2(c), Sudirman and Angelo shall pay PSL the Final Payment upon Shareholder Approval being obtained in connection with the Settlement Agreement within 21 days after Shareholder Approval is obtained.

To the extent that Sudirman and Angelo require a loan from PT MII to make the Final Payment, PSL and PT SSS agree that, upon Shareholder Approval being obtained, they shall consent, and will take all steps as may be necessary, to approve such loan or loans from PT MII to Sudirman and Angelo (whether directly or indirectly), up to an aggregate maximum sum of US\$ 3 million, to enable them to make the Final Payment (the "**Final Payment Loan**"), insofar as the Final Payment Loan is not prohibited under PT MII's articles of association and/or under Indonesia law.

6. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of PSL (other than in their capacity as directors or shareholders of PSL) has any interest, direct or indirect, in the Proposed Settlement.

7. SERVICE CONTRACTS

No director is proposed to be appointed to PSL in connection with the Proposed Settlement. Accordingly, no service contract is proposed to be entered into between PSL and any such person.

8. EGM AND CIRCULAR TO SHAREHOLDERS

PSL will convene an extraordinary general meeting to seek the approval of the Shareholders for the Proposed Settlement, including the Proposed Vessels Transfer and a circular containing, inter alia, details thereof, together with the opinions and recommendations of the directors in relation thereto and enclosing the notice of extraordinary general meeting in connection therewith, will be dispatched to the Shareholders in due course.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Settlement Agreement, the Vessels Transfer Agreement and the Share Sale and Purchase Agreement and the Desktop Valuation Report will be made available for inspection during normal business hours at the registered office of PSL for three (3) months from the date of this announcement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares of PSL. There is no certainty or assurance as at the date of this announcement that the Settlement Agreement or the Definitive Agreements will be completed or that no changes will be made to the terms thereof. PSL will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by PSL carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

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

**Tan Cheang Shiong
Chief Executive Officer
10 December 2018**

Schedule 1

Remaining PSL Vessels

	Name Of Vessel	Dimension / HP	Description
1	Pacific One	2100 HP	Tug Boat L29.5m x B9m x D4.16m
	Pacific 3001	7 tons/M2	Barge L300' x B80 x D18'
2	Momentum 03	1500 HP	Tug boat L26m x B8m xD3.65m
	Momentum 3003	7 tons/M2	Barge L300' x B80 x D18'
3	Momentum 06	1658 HP	Tug Boat L26m x B8m x D3.65m
	Momentum 3006	7 Tons/M2	Barge L300' x B80' x D18'
4	Momentum 07	1658 HP	Tug Boat L26m x B8m x D3.65m
5	Momentum 10	2276 HP	Tug Boat L29m x B8m x D3.7m
	Momentum 30010	7 Tons/M2	Barge L300' x B80' x D18'
6	Momentum 11	2276 HP	Tug Boat L29m x B8m x D3.7m
	Momentum 30011	7 Tons/M2	Barge L300' x B80' x D18'
7	Momentum 12	2276 HP	Tug Boat L28.09m x B8.54m x D3.6m
	Momentum 30012	7 Tons/M2	Barge L300' x B80' x D18'

Schedule 2

PSL Escrow Period Vessels

	Name Of Vessel	Dimension / HP	Description
1	Pacific One	2100 HP	Tug Boat L29.5m x B9m x D4.16m
	Pacific 3001	7 tons/M2	Barge L300' x B80' x D18'
2	Momentum 06	1658 HP	Tug Boat L26m x B8m x D3.65m
	Momentum 3006	7 Tons/M2	Barge L300' x B80' x D18'
3	Momentum 07	1658 HP	Tug Boat L26m x B8m x D3.65m
	Momentum 3007 ⁽¹⁾	7 Tons/M2	Barge L300' x B80' x D18'
4	Momentum 10	2276 HP	Tug Boat L29m x B8m x D3.7m
	Momentum 30010	7 Tons/M2	Barge L300' x B80' x D18'
5	Momentum 11	2276 HP	Tug Boat L29m x B8m x D3.7m
	Momentum 30011	7 Tons/M2	Barge L300' x B80' x D18'
6	Momentum 12	2276 HP	Tug Boat L28.09m x B8.54m x D3.6m
	Momentum 30012	7 Tons/M2	Barge L300' x B80' x D18'

Note:

- (1) Momentum 3007 is the Sunk Vessel. Please refer to paragraph 3.1 of this announcement for further information on the Sunk Vessel.

Schedule 3

PSL Non-Escrow Period Vessel

	Name Of Vessel	Dimension / HP	Description
1	Momentum 03	1500 HP	Tug boat L26m x B8m xD3.65m
	Momentum 3003	7 tons/M2	Barge L300' x B80 x D18'

Schedule 4
Sunk Vessel

	Name Of Vessel	Dimension / HP	Description
1	Momentum 3007	7 Tons/M2	Barge L300' x B80' x D18'