

UPDATE TO EXIT OFFER PROPOSAL

1. INTRODUCTION

Further to the Quarterly Update Pursuant to Rule 1313((2) of SGX-ST Listing Manual dated 11 November 2020 (the “**Quarterly Update**”) and the 4 August Announcement (as defined below), the board of directors (the “**Board**” or “**Directors**”) of PSL Holdings Limited (the “**Company**”) wishes to announce that after careful deliberation, it now proposes to undertake a selective capital reduction exercise to cancel all the issued ordinary shares in the capital of the Company (“**Shares**”) held by the Eligible Shareholders (as defined below) and return the share capital in cash to the Eligible Shareholders (the “**Selective Capital Reduction**”), pursuant to Section 78G of the Companies Act (Chapter 50) (the “**Companies Act**”). Accordingly, the Board proposes to seek the approval of the shareholders of the Company (the “**Shareholders**”) for the Selective Capital Reduction at an extraordinary general meeting of the Company (the “**EGM**”) to be convened.

2. SELECTIVE CAPITAL REDUCTION

Rationale

- 2.1. The Selective Capital Reduction is an internal corporate exercise that is proposed by the Company for the Eligible Shareholders. It was previously mentioned in the 4 August Announcement that the Company had determined that it was in the best interests of Shareholders that the Company be liquidated by way of a members’ voluntary liquidation. However, since the 4 August Announcement, the business of the Company appears to show signs of improvement and that it therefore may be worth preserving. On the other hand, as the shareholdings in the Company are fragmented, no single major Shareholder is in a position to offer to buy-out all the other Shareholders, including the public Shareholders.
- 2.2. Furthermore, following the delisting of the Company, it will become difficult for the Eligible Shareholders to realise their investment in the Shares given the lack of a public market for the Shares. Therefore, after careful deliberation, the Company is proposing, by way of the Selective Capital Reduction, to use its cash to cancel the Shares held by the Eligible Shareholders, thereby giving the Eligible Shareholders an opportunity to realise the value of their Shares. More details of the Selective Capital Reduction will be provided in due course.

Background

- 2.3. On 5 June 2017, the Company announced that it would be placed on the Watchlist by the SGX-ST with effect from 5 June 2017 pursuant to Rule 1311(1) of the Listing Manual, and would be given 36 months from 5 June 2017 to restore its financial health and meet the requirements of Rule 1314(1) of the Listing Manual, failing which the SGX-ST would delist the Company or suspend trading in the Company’s shares with a view to delisting the Company.
- 2.4. On 4 June 2020, the Company announced that it had applied to the SGX-ST for an extension of time to exit the Watchlist.
- 2.5. On 22 June 2020, the Company announced that it had on 19 June 2020 received a delisting notification from the SGX-ST stating that:
 - 2.5.1. The SGX-ST is unable to grant an extension of time for the Company to satisfy the requirements for removal from the Watchlist, for the reasons below:

- (a) The SGX-ST noted that as at 17 June 2020, the Company recorded pre-tax loss of S\$1.255 million for FY2019 and has an average daily market capitalisation of S\$3.81 million over the last 6 months which does not satisfy either of the requirements under Rule 1314 of the Listing Manual. In addition, the SGX-ST noted that this loss was incurred even prior to the COVID-19 outbreak.
- (b) In deciding on an application for allowing extensions of time of the cure period, the SGX-ST will have regard to factors set out under paragraph 4.2 of Practice Note 13.2. The SGX-ST noted that the Company is not able to meet any of these conditions. Among others, the SGX-ST noted that the Company generated negative cash flow of S\$2.46 million from its operating activities in FY2019 in its latest consolidated audited financial statement. While the Company has stated that it projects profits in the coming years, there is also no certainty that such projections and associated plans will materialise. The SGX-ST also took into account the concerns it had surrounding a recent placement. The Board did not proceed with the placement.
- (c) The SGX-ST also noted that the Company's auditors had expressed its Disclaimer of Opinion due to the recoverability of loans due from PT. Momentum Indonesia Investama and contingent consideration receivable by the Company.

2.5.2. The Company will be delisted as the Company is unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020.

2.5.3. Pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must comply with Rule 1309 of the Listing Manual which requires a fair and reasonable exit offer to be provided to Shareholders. The SGX-ST will grant the Company an extension of time for the Company or its controlling shareholder(s) to make a fair and reasonable exit offer to Shareholders.

2.6. On 16 July 2020, the Company announced that it was considering various proposals for the exit offer. On 20 July 2020, trading in the shares was suspended.

2.7. On 4 August 2020, the Company announced that having considered the available exit strategies, the Board determined that it was in the best interests of Shareholders that the Company be liquidated by way of a members' voluntary liquidation, and the proceeds raised from the liquidation be distributed to Shareholders (the "**4 August Announcement**"). However, since the 4 August Announcement, the business of the Company appears to show signs of improvement as indicated in the Quarterly Update. Accordingly, the Major Shareholders (as defined below) of the Company, who in aggregate hold 30,391,165 Shares representing 54.57% of the issued and paid-up share capital of the Company, are of the view that the business may be worth preserving as a going concern and, after careful deliberation, came to the view that a Selective Capital Reduction would now be more appropriate than a voluntary winding up.

2.8. The Selective Capital Reduction will serve as the exit offer, and the Company intends that it be fair and reasonable in compliance with Rule 1309 of the Listing Manual.

2.9. In the event that the special resolution for the Selective Capital Reduction is not approved by shareholders at the EGM, the Board undertakes to pursue other options to provide a fair and reasonable exit offer to facilitate the delisting exercise.

Conditions

2.10. The Selective Capital Reduction is subject to: (a) the approval of the Eligible Shareholders by way of a special resolution at an EGM; (b) the approval and confirmation by the High Court of Singapore; and (c) the Company obtaining the relevant exemptions under the Singapore Code on Take-overs and Mergers (the "**Code**") from the Securities Industry Council (the "**SIC**").

2.11. The Selective Capital Reduction will take effect upon the lodgement of a copy of the court order

approving the Selective Capital Reduction, together with the other documents as prescribed under the Companies Act, with the Registrar of Companies within 90 days beginning with the date the court order is made, or within such longer period as the Registrar may allow.

3. CONFIRMATION OF FINANCIAL RESOURCES

The Company has appointed RHT Capital Pte. Ltd. as its financial adviser to confirm that the Company has sufficient financial resources available to it to satisfy the consideration payable to the Eligible Shareholders in the Selective Capital Reduction if it becomes effective.

4. ELIGIBLE SHAREHOLDERS

Other than Atan, Melda Veronica, A Guat, Edison, Tan Chee Meng, Ng Yoke Chan, and Suman Hadi Negoro, who collectively hold 30,391,165 Shares comprising approximately 54.57% of the issued and paid-up share capital of the Company (collectively, the **“Major Shareholders”**), all other shareholders of the Company (the **“Eligible Shareholders”**) are eligible to participate in the Selective Capital Reduction. The Major Shareholders will not be participating in the Selective Capital Reduction and have each provided an unconditional and irrevocable undertaking to the Company to waive any rights that they may have as a Shareholder to participate in the Selective Capital Reduction. The Major Shareholders undertake to vote in favour of the Selective Capital Reduction at the EGM.

5. EXEMPTIONS FROM SECURITIES INDUSTRY COUNCIL

The Company will seek the relevant exemptions under the Code from the SIC.

6. APPOINTMENT AND ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an independent financial adviser (the **“IFA”**) in due course to advise the Company and the Board on the Selective Capital Reduction.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for executive Director, Kee Siang Hui, who has an interest in 5,002,500 Shares comprising 8.98% of the issued and paid-up share capital of the Company, non-executive Director, Ng Yoke Chan, who has an interest in 1,353,700 Shares comprising of 2.43% of the issued and paid-up share capital of the Company and the other Major Shareholders named in paragraph 4 above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Selective Capital Reduction, other than their respective directorship and/or shareholdings in the Company.

8. FURTHER ANNOUNCEMENT & CIRCULAR

A further announcement on the terms and conditions of the Selective Capital Reduction will be made in due course. A circular to Shareholders (the **“Circular”**) setting out relevant information relating to the Selective Capital Reduction and containing the advice of the IFA, together with the notice of the EGM (the **“Notice”**) to be convened to seek the approval of the Shareholders for the Selective Capital Reduction, will be despatched to Shareholders in due course.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and all

opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement in its proper form and context.

10. CAUTIONARY STATEMENT

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Kee Siang Hui
Executive Director
12 January 2021