

**PSL Holdings Limited**

Company Registration No.: 199797022K  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO QUESTIONS FROM SINGAPORE INVESTORS ASSOCIATION  
(SINGAPORE)**

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The Board of Directors (the “**Board**”) of PSL Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to update shareholders of the Company (“**Shareholders**”) that the Company has received questions from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s annual report (“**Annual Report**”) for the financial year ended 31 December 2019 (“**FY2019**”), and would like to set out in this announcement its responses to the questions from SIAS.

**Question 1**

**In the financial year, the company once again experienced high turnover in the executive team and in the board. Other than the unfortunate demise of independent director, Mr Chew Yee Teck, Eric, in January 2019, there were many changes to the board and management, as follows:**

- **Mr Tan Chee Tong (executive director) resigned as a director on 31 May 2019**
  - **Mr Fhifi Alfhian Ronie, SH was appointed as an independent director with effect from 31 May 2019**
  - **Mr Richard Kennedy Melati was appointed as an executive director with effect from 10 June 2019**
  - **Mr Lee Chee Tak was appointed as an independent director with effect from 22 July 2019 and ceased to be a director upon his re-designation to Chief Executive Officer (“CEO”) of the company with effect from 24 October 2019. On 9 May 2020, Mr Lee announced his resignation which will be effective on 31 July 2020, but brought forward to 31 May 2020**
  - **Ms Leong Ting Ting was appointed as an independent director with effect from 24 October 2019**
  - **Ng Yoke Chan stepped down as the non-executive non-independent chairman on 7 May 2020 and was appointed non-executive non-independent director**
  - **Stephen Leong, BBM, the vice chairman and executive director, stepped down on 31 May 2020**
  - **Mr Fhifi Alfhian Ronie, SH was redesignated as an independent chairman with effect from 7 May 2020**
  - **Mr Kee Siang Hui was appointed as executive director on 8 May 2020**
- (i) **Would the board help shareholders understand if the changes to the board were driven by any particular major shareholders? Are there any disagreements in the board or amongst the major shareholders that the company should disclose to the minority shareholders?**

The changes to the Board were not driven by any major shareholder. The Board refers to the various announcements relating to the aforesaid changes to the board, including but not limited to:

- (a) the Company's announcement dated 24 October 2019 in respect of the re-designation of Mr Lee Chee Tak from Independent Director to Chief Executive Officer ("**CEO**");
- (b) the Company's announcement dated 9 May 2020 in relation to the changes to the Board structure ("**Announcement on Changes to Board Structure**");
- (c) the Company's announcement dated 13 May 2020 in respect of the responses to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") queries on the Announcement on Changes to Board Structure ("**13 May Response to SGX-ST Queries**"); and
- (d) the Company's announcement dated 1 June 2020 in respect of the early resignation of the CEO,

(collectively, the "**Announcements**").

As per the Announcements, (i) the Directors and the CEO resigned of their own accord and (ii) in respect of the Directors that have been appointed to the Board, the Nominating Committee and the Board had duly considered the said appointments as disclosed in the Announcements.

There are no disagreements in the Board. The Company is not aware of any disagreement amongst shareholders. The Board refers to the following announcements:

- (a) the Company's announcement dated 27 May 2019 in respect of the resignation of Mr Tan Chee Tong;
- (b) the Company's announcement dated 9 May 2020 in respect of the resignation of Mr Lee Chee Tak as CEO; and
- (c) the Company's announcement dated 9 May 2020 in respect of the resignation of Mr Stephen Leong, BBM as Vice-Chairman and Executive Director,

(collectively, the "**Announcements in relation to the Resignations**").

As per the Announcements in relation to the Resignations, it has been disclosed that there are no matters relating to the resignations need to be brought to the attention to the shareholders of the Company.

- (ii) **Given the frequent changes to the board, is there sufficient stability and continuity to provide a steady hand to the group as the group restructures itself into a profitable and sustainable business?**

As stated in the Announcement on Changes to Board Structure and the 13 May Response to SGX-ST Queries, the Nominating Committee is of the view that (i) there will not be any disruption to the Board functions of the Company arising from the changes to the Board structure of the Company and (ii) there will not be any disruption to the operational matters of the Group arising from the changes to the Board structure of the Company, for the reasons, replies and explanations stated therein.

- (iii) **Will the changes to the board and senior management affect the settlement agreement (see Q2 below)?**

The changes to the Board and senior management will not affect the New Settlement Agreement dated 19 February 2020 ("**New Settlement Agreement**"). The management team will continue to lead the Company in its discussions and negotiations relating to the New Settlement Agreement with the assistance and advice of the Company's lawyers.

- (iv) **In addition, how have the strategic objectives of the group changed as a result of board and management changes?**

Notwithstanding the changes in Board structure and management, there has been no change to the strategic objectives of the Group. The Group will continue to execute its plans and strategies for its vessel and heavy equipment businesses, concentrating on operational efficiency and cost control.

## **Question 2**

**As noted in the letter to shareholders, the group finalised its settlement with the relevant parties related to PT Momentum Indonesia Investama ("PTMII") in an agreement dated 19 February 2020 which will see the company receive US\$18 million. This includes:**

- (a) **the entirety of the Shareholder's Loan of US\$11.5 million owing by PTMII to the Company,**
- (b) **the insurance proceeds of US\$0.61 million (IDR 8.35 billion) in respect of the sunken barge known as Momentum 3007,**
- (c) **50% of the proceeds from the agreed sale of the vessel known as Pacific 3002, in the sum of US\$0.31 million (IDR 4.25 billion), and**
- (d) **the Profit Guarantee plus accrued interest of US\$5.57 million.**

In the company's announcement dated 14 May 2020, the company updated shareholders of the payments received (shown in the table below):

Payment Date	Amount Received	Purpose of Transfer
12 December 2018	IDR 8.35 billion	Insurance proceeds from the sinking of the vessel Momentum 3007
4 and 5 February 2020	US\$3 million	Partial repayment of the PSL Shareholder Loan
10 and 13 February 2020	US\$0.16 million	First instalment payment of the Total PG
13 March 2020	US\$0.35 million	Partial repayment of the accrued interest on the PSL Shareholder Loan
16 March 2020	IDR 4.25 billion	50% share of the proceeds of sale of the vessel Pacific 3002
27 March 2020	US\$0.16 million	Second instalment payment of the Total PG
24 April 2020	US\$0.16 million	Third instalment payment of the Total PG

The company also announced on 22 April 2020 that PTMII was unable to complete its sale of the PT MIS Vessels and, accordingly, unable to repay the balance of US\$8.5 million relating to the PSL Shareholder's Loan.

- (i) **Can management help shareholders understand the reasons for the inability to complete the sale of the PT MIS Vessels? Does the company have any visibility on the progress made in the sale of the vessels?**

As per the Company's announcement dated 22 April 2020 relating to the agreement for extension of time pursuant to the New Settlement Agreement, the Company understands that PT MII was not in a position to complete the sale of the PT MIS Vessels.

The sale of the PT MIS vessels has been affected by the novel coronavirus ("COVID-19") outbreak. The COVID-19 outbreak has affected the global market and business sentiment. As a result of the COVID-19 outbreak, various countries have imposed restrictions on movement of individuals to contain the spread of COVID-19. The restrictions on movement, combined with the concerns of employees' health and safety, has led to a delay in the sale of the PT MIS vessels.

As stated in the Company's announcement dated 17 June 2020, the parties are currently in advanced discussions and negotiations to review the terms of the New Settlement Agreement.

- (ii) **What are the company's options to recover the balance of the US\$8.5 million relating to the PSL Shareholder's Loan?**

As stated in the Company's announcement dated 17 June 2020, the parties are currently in advanced discussions and negotiations to review the terms of the New Settlement Agreement and the Company will provide further updates in this regard to shareholders in due course.

In addition, the group's Indonesia subsidiary, PT Indah Perkasa Abadi ("PT IPA") began sourcing for other projects and in May 2019, it secured an agreement with PT. Cahaya Riau Mandiri ("PT CRM") to lease and operate heavy equipment. As disclosed, PT CRM, an independent third party, carries on the business of mining activities, ranging from removal of overburden, coal mining and heavy equipment rental.

Arising from this project, PT IPA has invested approximately \$8.6 million in 2019 and a further \$3.6 million in 1Q2020 on heavy equipment. Approximately 70% of the said cost will be funded by finance leases and the remaining by internal working capital.

(iii) **Given the financial position of the group, would management help shareholders understand if the group has sufficient capital to support the growth of this capital-intensive business of leasing and operating?**

As disclosed in the Company's unaudited financial statements and related announcement for the first quarter ended 31 March 2020 dated 14 May 2020, the Group's cash and cash equivalents as at 31 March 2020 was approximately S\$7.65 million.

Notwithstanding the management's efforts to grow the business of leasing and operating heavy equipment, we will continue to be selective and strategic in our asset investment and exercise prudence in financial management so as to efficiently utilise our capital to seize and meet the demands of business growth opportunities.

(iv) **Is the group dependent on PT CRM for the lease of the equipment? To better manage the risks associated with the leasing business, has the group entered into long term leasing agreement with PT CTM?**

As highlighted in the Company's prior financial results announcement(s), the Group, through its subsidiary PT IPA, only resumed its heavy equipment purchase plan in 2019.

The Group's existing fleet of heavy equipment is currently fully contracted by PT CRM for a period of three years. We continue to receive business enquiries from potential customers for the leasing of our equipment. We intend to expand our customer base for this business as we work towards growing this business.

(v) **What is the financial position of PT CRM?**

Any information which the Company may have in respect of PT CRM arising from our usual customers checks and due diligence would also be subject to the usual confidentiality and non-disclosure obligations.

- (vi) **Is the group also looking to diversify its revenue sources and avoid being dependent on one major customer?**

As highlighted in the Company's prior financial results announcement(s), the Group, through its subsidiary PT IPA, has resumed its heavy equipment purchase plan in 2019. The Group currently does not have any concrete plans to further diversify its revenue sources. Notwithstanding the management's efforts to grow the business of leasing and operating heavy equipment, we will continue to be selective and exercise prudent financial management in our asset investment.

### **Question 3**

**In the Corporate Governance report, under the section titled "Shareholder rights and engagement", the company has stated the following (on page 29):**

**The Company has encountered delays in resolving the technical issues in relation to its (sic) corporate website, and as such, it does not publish the minutes of general meetings on its corporate website.**

- (i) **Can the board/management help shareholders understand the technical issue and the efforts by the company to resolve the issue in 2019?**

**Over the years, the company have made the following statements related to its website:**

**AR 2016 - The Company does not have a functional corporate website at the moment as the Company's corporate website, [www.pslgroup.com.sg](http://www.pslgroup.com.sg), is under maintenance. An investor relations website will be created together with the corporate website of the Company when the technical issues are resolved by the Company's third-party service provider. The Company expects its corporate website to be ready by mid-2017.**

**AR 2017 - The Company has encountered delays in resolving the technical issues in relation to its (sic) corporate website, and as such, currently does not have a functional corporate website at this time of this annual report.**

**AR 2018 - The Company has encountered delays in resolving the technical issues in relation to its (sic) corporate website, and as such, currently does not have a functional corporate website at this time of this annual report.**

**AR 2019 - The Company has encountered delays in resolving the technical issues in relation to its (sic) corporate website, and as such, it does not publish the minutes of general meetings on its corporate website.**

- (ii) **Would the board help shareholders understand if it is committed to improving and achieving good shareholder communication and engagement? Provision 13.3 of the Code of Corporate Governance 2018 states that the company maintains a current corporate website to communicate and engage with stakeholders.**

The Company will activate its corporate website as soon as practicably possible. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 published on 13 April 2020, the Company will publish the minutes of the annual general meeting on SGXNET within one month after the date of the meeting and, if available, its corporate website.

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

**Kee Siang Hui  
Executive Director  
24 June 2020**