

OEL (HOLDINGS) LIMITED
(Company Registration No. 198403368H)
(Incorporated in Singapore)

ENTRY INTO A SALE AND PURCHASE AGREEMENT RELATING TO THE PROPOSED ACQUISITION OF 51% OF THE SHARES IN ALLIED RESOURCES LIMITED

1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of OEL (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its announcements dated 23 September 2014, 5 February 2015 and 30 April 2015 (“**Earlier Announcements**”) in relation to the memorandum of understanding (as from time to time amended) that have been entered into in respect of the sale and purchase of such number of shares representing 51% of the entire issued share capital (“**Sale Shares**”) of Allied Resources via the Company’s wholly owned subsidiary to be established (“**Purchaser**”) (“**Proposed Acquisition**”). Unless otherwise defined, capitalised words and phrases used herein shall have the same meaning as ascribed to them in the Earlier Announcements.

The Board wishes to announce that the Company, has on 30 June 2015 entered into a conditional sale and purchase agreement (the “**SPA**”) with the Vendor in respect of the Proposed Acquisition.

2. INFORMATION ON THE ASSETS TO BE ACQUIRED OF AND THE VENDOR

2.1 Information on the Target Group

Allied Resources is an investment holding company in Hong Kong. Under the terms of the SPA, the Purchaser will acquire 51% of the entire issued share capital of Allied Resources.

Allied Resources has a wholly owned subsidiary incorporated in the PRC, named Hengli.

Hengli is an investment holding company and its principal asset is its 50% interest in Qian An. Qian An is a joint venture company equally held between Hengli and PetroChina Company Limited (中国石油天然气股份有限公司) (“**PetroChina**”). Qian An is principally engaged in the exploitation, development and production of oil and natural gas from two Oilfields in Jilin, China.

The Vendor has represented that the Oilfields operated by Qian An cover two formations namely Qianshen-12 and Qian-209, encompassing a total area of approximately 15 square kilometers and have over 100 producing and suspended wells and related facilities in the Qian An, Jilin area of the PRC with a current combined production of approximately 313 barrels of oil per day. The relevant exploration and exploitation rights over the Oilfields belong to PetroChina, which holds 50% interests of Qian An. The duration of the Joint Venture Agreement (“**Joint Venture Agreement**”) between Hengli and PetroChina over the Oilfields is from 1 November 2002 to 19 December 2016.

Allied Resources together with Hengli and Qian An are referred to as the “**Target Group**”.

2.2 Information on the Vendor

The Vendor, Shao Tian Peng, is a Chinese national and has over 14 years of experience in the oil and gas industries, covering both technical and general management positions. The Vendor is also a director of Allied Resources. The Vendor is not related to any of the Company’s Directors, Substantial Shareholders, Controlling Shareholders or their respective associates. As at the date of this Announcement, to the best of the knowledge of the Company, the Vendor does not hold any shares in the Company.

On Completion, the Vendor will hold the remaining 49% shareholding in the issued share capital in Allied Resources.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION UNDER THE SPA

3.1 Consideration

The consideration ("**Consideration**") for the sale and purchase of the Sale Shares will be an aggregate amount of S\$18,215,052, subject to the adjustments made pursuant to the SPA, to be satisfied by way of issue of new ordinary shares in the capital of the Company ("**Consideration Shares**") and cash in the following manner:

- (i) S\$11,526,842 shall be payable in cash and Consideration Shares, of which S\$10,000,000 shall be payable in the form of cash and S\$1,526,842 shall be satisfied by the Purchaser procuring the Company to issue to the Vendor (or his nominees) 20,357,894 Consideration Shares at the price of S\$0.075 per Consideration Share ("**Issue Price**"). The cash portion of S\$10,000,000 shall be paid as an initial tranche of S\$2,000,000 on Completion Date ("**Initial Tranche**") and the balance of S\$8,000,000 within six (6) months from the Completion Date (as defined below) and the 20,357,894 Consideration Shares priced at S\$0.075 per Consideration Share shall be issued to the Vendor (or his nominees) on Completion Date; and
- (ii) the balance of the Consideration, being S\$6,688,210, ("**Post-Completion Tranche Payment**") shall be payable in the form of cash of S\$1,934,000 with the balance S\$4,754,210 to be satisfied by the Purchaser procuring the Company to issue to the Vendor (or his nominees) 63,389,474 Consideration Shares at the Issue Price, shall be payable upon fulfilment of the following conditions:
 - (A) the Joint Venture Agreement being renewed to 2036 or such other terms as may be agreed by the Purchaser, and the renewal being on terms acceptable to the Purchaser;
 - (B) the Target Group achieving for the period 1 January 2015 to 31 December 2015 a production of at least 103% of the oil produced for the period 1 January 2014 to 31 December 2014 and for the period 1 January 2016 to 31 December 2016 a production of at least 105% of the oil produced for the period 1 January 2015 to 31 December 2015 ("**Production Warranty**");
 - (C) any conditions precedent set out under the SPA waived as at Completion, or any conditions under which such conditions precedent were waived, being fulfilled; and
 - (D) the Vendor not having breached the terms of, nor terminated, the SPA nor the service agreement of the Vendor, and such breach not having been remedied within 14 days of written notice by the Purchaser to the Vendor.

The SPA further provides that:

In the event that Post-Completion Tranche Payment is not made due to the conditions set out therein not being fulfilled, the Purchaser shall be entitled in its discretion, by notice to the Vendor:

- (i) to unwind the Purchaser's acquisition of the Sale Shares and the repayment by the Vendor of the Consideration on such terms and in such manner as the Purchaser deems fair and equitable; or
- (ii) adjust the Consideration payable in such manner as the Purchaser deems fair and equitable taking into account the difference in valuation of the Target Group to be undertaken at such time by a valuer appointed by the Purchaser, as compared to the

value (as then determined by the valuer) of the Target Group had the aforesaid conditions been fulfilled.

The Consideration, together with the adjustment to the Consideration, were arrived based on arm's length negotiations between the parties after an assessment by the Purchaser of the Target Group's financial position as at 31 December 2014 and taking into consideration an on-going valuation carried out on the Oilfields, the Production Warranty and the renewal of the Joint Venture Agreement.

As at the date of this Announcement, the Company has an issued and paid-up share capital of S\$38,530,000 comprising 668,266,667 ordinary shares. The Consideration Shares will be issued and allotted pursuant to the general mandate to allot and issue shares in the Company (whether by way of rights, bonus or otherwise) granted by the shareholders of the Company by way of an ordinary resolution passed at the Company's annual general meeting held on 23 April 2015. The Consideration Shares constitute 11.14% of the enlarged issued share capital of the Company subsequent to such issue.

The Issue Price of the Consideration Shares represents a premium of approximately 84.28% to the volume weighted average price of S\$0.0407 for trades done on the shares of the Company on the Catalist Board of the SGX-ST on 26 June 2015 (being the full market day preceding the date of the SPA on which the shares of the Company were traded).

The Company will be applying to the SGX-ST for the in-principle approval and listing and quotation of the Consideration Shares on the Catalist of the SGX-ST in due course and will make the necessary announcements once the in-principle approval and the Listing and Quotation Notice for the listing and quotation of the Consideration Shares have been obtained from the SGX-ST.

The Company will before Completion, incorporate a wholly owned subsidiary (i.e. the Purchaser) to undertake the Proposed Acquisition and will make the necessary announcements once the Purchaser is incorporated and the obligations of the Company under the SPA has been novated and assigned to the Purchaser. It is a term of the SPA that upon notification by the Company to the Vendor on the incorporation of the Purchaser, all rights and liabilities of the Company under the SPA shall be novated and assigned to the Purchaser.

3.2 Completion Date

Completion of the Proposed Acquisition ("**Completion**") shall be within 14 days of the satisfaction of the conditions precedent or such other date as the parties may agree in writing (the "**Completion Date**"), in any event not later than the Long-Stop Date.

Under the terms of the SPA, the "Long-Stop Date" is defined to mean 31 October 2015, subject to such extension of time as may be agreed in writing between the parties. In the event that any of the conditions precedent to Completion is not fulfilled by the Long-Stop Date, then save as expressly provided in the SPA, the SPA shall terminate and neither party shall have any claim against the other under the SPA save in respect of any antecedent breach of the SPA.

3.3 Conditions Precedent to Completion

Completion of the Proposed Acquisition shall be subject to the satisfaction of all the following conditions precedent amongst others on or prior to the Completion Date:

- (a) the results of the due diligence review (including but not limited to legal, financial, contractual, tax, valuation or otherwise) conducted in respect of the Target Group being satisfactory to the Purchaser and the Company in their sole discretion. For the avoidance of doubt, the Purchaser and the Company shall not be required to provide any reason or basis for determining that the due diligence review of the Target Group is unsatisfactory;
- (b) the Target Group having no liabilities or obligations (whether actual, contingent, deferred or potential) other than in the ordinary course of trade, save as disclosed in writing to the

Purchaser prior to execution of the SPA and such additional liabilities incurred between execution of the SPA and Completion as are permitted under the SPA;

- (c) there being no governmental or court act, decree or order of any applicable jurisdiction has been issued or enacted which in the Purchaser's reasonable view may materially hinder, limit or restrict the Completion, the transfer of the Sale Shares to the Purchaser or the performance by the Parties of their obligations under the SPA;
- (d) there has been no Material Adverse Change (as defined in the SPA) in the prospects, operations, assets, business, liabilities or financial or operating conditions of the Target Group occurring on or before the Completion Date and there has been no event occurring on or before the Completion Date which would be likely to result in such Material Adverse Change after the Completion Date;
- (e) the approval by the board and the shareholders (if required) of the Purchaser and the Company having been obtained in relation to the Proposed Acquisition and the issue of the Consideration Shares;
- (f) the approval of the board and the shareholders (if required) of the Purchaser and the Company and the SGX-ST having been obtained in relation to the diversification of the business of the Company to include the business that the Target Group is engaged in;
- (g) the approval of the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board having been obtained and not having been revoked or amended and, where approval is subject to conditions (in respect of such conditions which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being reasonably acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Consideration Shares on the Catalist Board are required to be fulfilled on or before the completion of the Proposed Acquisition, they are so fulfilled;
- (h) there not being at any time prior to Completion any restriction, limitation, prohibition or directive, whether written or verbal, from the SGX-ST limiting prohibiting the entry into or performance the Purchaser of its obligations under the SPA;
- (i) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated hereunder having been obtained, and such consents, approvals and waivers not having been amended or revoked before Completion Date;
- (j) evidence in a form satisfactory to the Purchaser that there has not been any default by Hengli of the terms of the Joint Venture Agreement;
- (k) certificates from competent government authorities in Qian An County as may be specified by the Purchaser that confirming that Qian An has complied with the PRC laws and regulations relating to building construction, land use and real property or such other evidence satisfactory to the Purchaser;
- (l) the transfer of all of equity in Songyuan Ying Li Integrated Services Co., Ltd. ("**Ying Li**") held by Hengli to the Vendor or any of its related companies at a nominal consideration and evidence being produced to the Purchaser that the nominee arrangement in respect of such nominee arrangement in Ying Li has been terminated;
- (m) evidence satisfactory to the Purchaser that the majority of creditors of Target Group as selected by the Purchaser have agreed not to require repayment of any amounts owing by Target Group for a period of two years from the Completion, save with the written consent of the board of directors of the Company. The Vendors shall, at the commencement of every quarter, submit a forecast to the Board in respect of that quarter listing out the cash flow provision for that quarter and the accounts payable proposed to be paid;

- (n) each of the two persons nominated by the Vendor at Completion to the Board of the Company have entered into service agreements with the Company and the writing off, elimination, settlement and/or waiver of the amount of any amount owed by Allied Resources to the Vendor; and
- (o) a S\$40 million convertible bond issue ("**Bonds**") to Pacific Alliance Asia Opportunity Fund L.P and the issue of shares upon the conversion of the Bonds having been approved by shareholders of the Company, as well as the SGX-ST having granted its listing and quotation notice for such conversion shares, such approvals remaining valid and where such approval is subject to conditions, such conditions being acceptable to the Company.

The Company will make announcements on the terms of Bonds if it is proceeded with.

3.4 Purchaser's Option to Purchase

The Vendor has granted to the Purchaser the option to purchase (the "**Option**"), in respect of the remaining Shares of Allied Resources (the "**Option Shares**"), free from all encumbrances and with all rights attaching thereto as at the date of completion of the sale of the Option Shares. The Option may be exercised by the Purchaser from time to time and at any time over such part of the Option Shares as the Purchaser determines.

The Purchaser shall in respect of each exercise of the Option effect such exercise by giving written notice of the exercise to the Vendor and the number of Option Share the Purchaser wishes to purchase in that tranche, such written notice to be delivered to the Vendor no later than 12 months from the Post-Completion Tranche Payment

The consideration (the "**Option Consideration**") for the sale of the Option Shares shall be determined on the following basis: Aggregate consideration for the Option Shares = 49% x (Consideration divided by 51%) payable in cash and Consideration Shares in the same proportion as the Consideration is paid or to be paid, and the Option Consideration for part of the Option Shares shall be pro-rated accordingly.

4. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Group plans to finance the Proposed Acquisition using a combination of internal funds, bank borrowings and/or fund raising in the capital markets (including but not limited to the issuance of convertible instruments as mentioned in paragraph 3.3 (o) above).

5. FINANCIAL INFORMATION

5.1 Net Asset Value of the Assets being Acquired

As at 31 December 2014, and based on management accounts provided by the Vendor, the net tangible asset ("**NTA**") value represented by the Sale Shares, prepared on a proforma consolidated basis of the Target Group, is S\$849,000.

5.2 Net Loss Attributable to the Assets being Acquired

The net loss after tax, for the financial year ended 31 December 2014, and based on management accounts provided by the Vendor, of the Sales Shares, prepared on an unaudited proforma consolidated basis of the Target Group, is S\$1,373,000.

5.3 Financial Effects

The financial effects of the Proposed Acquisition on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Group after the completion of the Proposed Acquisition.

The financial effects have been prepared on a pro forma basis using the latest audited consolidated full year financial statements of the Group for the 12 months ended 31 December 2014 (“FY2014”).

NTA

Assuming that the Proposed Acquisition had been completed on 31 December 2014 and based on the Company’s audited consolidated financial statements for FY2014, the effects on the Net Tangible Assets (“NTA”) per share of the Company are approximately as follows:

As at 31 December 2014	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$’000)	20,428	8,443
Number of shares issued	668,266,667	752,014,035
NTA per share (Singapore cents)	3.06	1.12

Note:

- (1) The NTA per share was calculated based on the number of shares of the Company in issue as at 31 December 2014, after taking into account the issue of Consideration Shares arising from the Proposed Acquisition.

EPS

Assuming that the Proposed Acquisition has taken place on 1 January 2014 and based on the Group’s audited consolidated financial statements for FY2014 and the unaudited proforma consolidated financial statements of the Target Group for the financial year ended on 31 December 2014, the Proposed Acquisition would have the following approximate effects on the Group’s earnings per share (“EPS”) as presented in the following table:

As at 31 December 2014	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated net loss attributable to shareholders (S\$’000)	(19,079)	(20,452)
Number of shares issued	668,266,667	752,014,035
EPS (Singapore cents)	(2.85)	(2.72)

Note:

- (1) The EPS per share was calculated based on the number of shares of the Company in issue as at 31 December 2014, taking into account the issue of Consideration Shares arising from the Proposed Acquisition.

Gearing

Assuming the Proposed Acquisition had been completed on 31 December 2014, the effect on the Group's gearing ratio for FY2014 would be as follows:

As at 31 December 2014	Before the Proposed Acquisition	After the Proposed Acquisition
Total debt (S\$’000)	639	13,473
Total equity (S\$’000)	20,428	25,809
Gearing ratio	3.1%	52.2%

Notes:

- (1) The Gearing ratio was computed based on equity attributable to the owners of the Company as at 31 December 2014, after taking into account the issue of Consideration Shares arising from the Proposed Acquisition.
- (2) Gearing means the ratio of total debt to equity attributable to the owners of the Company.

Share Capital

On the basis that the conditions for payment of the Post-Completion Tranche Payment are fulfilled, the aggregate amount of Consideration payable under the SPA will be S\$18,215,052 and the total number of Consideration Shares to be issued as part of the Consideration will be 83,747,368. The Company's issued share capital will be increased from 668,266,667 shares as at the date of this Announcement to 752,014,035 shares. The Consideration Shares represent approximately 12.53% of the existing issued share capital of the Company as at the date of this Announcement, and approximately 11.14% of the enlarged issued share capital of the Company following completion of the Proposed Acquisition.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
Rule 1006 (b) ⁽¹⁾ The net loss attributable to the assets acquired (S\$1,373,000), compared with the Group's net loss as at 31 December 2014 (S\$19,079,000)	7.20%
Rule 1006 (c) ⁽²⁾ Aggregate value of consideration given or received (S\$18,215,052), compared with the market capitalisation of the Company as at 26 June 2015 (S\$27,198,453), being the last full market day immediately preceding the execution of the SPA	66.97%
Rule 1006 (d) ⁽³⁾ The number of equity securities issued by the issuer as consideration for an acquisition (83,747,368), compared with the number of equity securities previously in issue (668,266,667)	12.53%
Rule 1006 (e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) Based on the assumption that Option under the SPA is not exercised.
- (2) Based on the assumption that the Option under the SPA is not exercised and further assuming that the conditions for payment of the Post-Completion Tranche Payment are

fulfilled, the aggregate amount of Consideration payable under the SPA will be S\$18,215,052.

- (3) Based on the assumption that the Option under the SPA is not exercised and further assuming that the conditions for payment of the Post-Completion Tranche Payment are fulfilled, the aggregate amount of Consideration payable under the SPA will be S\$18,215,052 and the total number of Consideration Shares to be issued as part of the Consideration will be 83,747,368.

The computed figures under Rule 1006(b) to (d) for the Proposed Acquisition are below 75% and hence the Proposed Acquisition constitutes a Discloseable Transaction for the purposes of Chapter 10 of the Catalist Rules. As such, no approval from shareholders of the Company will be required for the Proposed Acquisition.

7. RATIONALE FOR THE PROPOSED ACQUISITION

Following the completion of the disposal of the Company's and Group's distribution business (the "**Distribution Business**") on 31 October 2013 for a base consideration of S\$70 million, and completion of the partial disposal of the Company's and the Group's biofuel business for a consideration of S\$1.53 million on 24 October 2014 which reduced the Group's equity interest to 25% from 51% and the subsequent rights issue undertaken by the biofuel business which further diluted the Group's equity interest from 25% to 0.5%, the Group's remaining core businesses comprise the Shipyard Operations Business and Property Management Business and it has been the intention of the Directors to diversify the businesses of the Group.

In their continued search for a new business to revitalise the Group and to bring in more revenue and income streams, the Directors have been exploring opportunities in the mining, oil and gas industry. On 23 June 2015, the Company announced that it had obtained the approval of the shareholders of the proposed diversification of the business scope of the Group to include mineral, oil and gas businesses. The Directors believe that the Proposed Acquisition has potential for growth and would benefit the Company and its shareholders.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the SPA or the Proposed Acquisition, save through their respective shareholdings in the Company (if any).

9. SERVICE CONTRACTS OF THE DIRECTORS

Under the SPA, the Vendor shall be entitled to nominate two persons to the Board of Directors of the Company upon Completion and such persons shall enter into service agreements with terms to be agreed.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the SPA will be available for inspection during normal business hours at the Company's registered office at No.8 Aljunied Ave 3 Oakwell Building, Singapore 389933 for three (3) months from the date of this Announcement.

12. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in Shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Yeo Poh Noi Caroline
Company Secretary
30 June 2015

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd.(the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor are: -

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