

**RESPONSE TO QUERIES FROM SECURITIES INVESTORS
ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT**

The Board of Directors (the “**Board**”) of OEL (**Holdings**) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the queries raised by Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Group’s Annual Report for the financial year ended 31 December 2021 (“**FY2021**”). The Company’s responses to the questions from SIAS are as follows:

Question 1

In the last quarter of the financial year ended 31 December 2021, the company made several announcements relating to the group’s wholly-owned subsidiary, AJJ Healthcare Management Pte. Ltd. (“**AJJ**”) which included:

- AJJ successfully obtained ISO 13485:2016 & EN ISO 13485:2016 (“**ISO 13485:2016**”) certification¹
- Plans to enter the dental products business segment²
- Launch of laboratory products segment³
- Launch of dental products segment⁴

To date, AJJ has a product portfolio of over 2000 products including medical, laboratory, dental and veterinary equipment and consumables.

(i) Can management clarify the business model of AJJ? Does AJJ have an in-house product design and manufacturing capability? If so, how many professionals are employed by AJJ?

However, it was also disclosed that AJJ successfully maintained its Good Distribution Practice for Medical Devices (“**GDPMDS**”) certification and obtain bizSAFE Level 3 accreditation. The group described AJJ as a “recognised healthcare brand with an integrated business model which collaborates with renowned OEM companies to rapidly produce innovative and sustainable high-tech quality medical devices²”.

(ii) Can management clarify the role of AJJ? What is the level of value-add if it is sourcing products from OEM companies?

(iii) Does the group rebrand all the OEM products under the AJJ brand?

(iv) How does AJJ ensure product quality?

Company’s response

(i) AJJ operates in four business segments, namely medical products, laboratory products, dental products and animal health products. The operations of AJJ is based in Singapore and it targets to expand the sale and distribution of its products and services to Southeast Asia and internationally. AJJ is focusing on high-tech equipment and sustainable products, continuing AJJ’s goal in innovations of products and equipment.

AJJ’s current core competencies include High-Intensity Focused Ultrasound (“**HIFU**”) technology, which utilises a High-Intensity Focused Ultrasound that has a wide range of applications, including tumour ablation and palliative pain treatment. HIFU is also currently under clinical research for use in arthritis treatment, nerve injury recovery and prevention, post-operative recovery, and performance enhancement.

AJJ's other core competency is "Dental 3D Printing Technology", a technology which enables the printing of dental models, dental surgical guides, temporary crowns and bridges, dental trays, and dental dentures, which also includes digital orthodontics, fixed restoration, removable restoration, digital implant, and nightguard. AJJ is partnering with its manufacturer to distribute this 3D technology to Singapore, and potentially to the South-East Asia market and is confident of its positive impact and value to patients, dentists and staff.

AJJ's targeted sales channels are via local retail sales, local governmental tenders and regional sales .

AJJ's unique selling proposition is that our products are all quality certified by U.S. Food and Drug Administration ("**US FDA**") or European Conformity ("**CE**"), with excellent sales and after sales services support and competitive prices. With these selling propositions, we have successfully penetrated the healthcare industry, and have successfully introduced our products to Singapore government medical and research institutions.

AJJ has in-house product design capability. This is supported by a combination of manpower from relevant departments comprising Project Engineering, After-sales, Marketing, Supply Chain and Regulatory. Project Engineering responsibility: to establish or design testing methods to monitor the overall quality of the project. After-sales responsibility: to support and help customers after they have purchased the products. Marketing Personnel's responsibility: to design and edit labels. Supply Chain Personnel's responsibility: in charge of every stage of an organisation's supply chain, from purchasing raw materials to production. Regulatory Personnel's responsibility: to ensure compliance with local medical device regulations and to submit any major labeling changes to the relevant regulatory agencies.

AJJ is primarily using Original Equipment Manufacturer ("**OEM**") and/or Original Design Manufacturing ("**ODM**") to manufacture products in the initial stage. We will currently produce high-tech equipment in Singapore manufacturing plant. The rest of the products will be manufactured by OEM..

There are 13 professionals employed by AJJ with experience in the medical science, bioengineering, bioscience, business and dental fields. The highest education qualification amongst the professionals employed by AJJ is the PhD level. The designation, education qualification and years of experience of such professionals are listed in the table below.

S/no	Designation	Actual years of working Experience	Educational Qualification
1	Assistant Sales Director (Medical)	18 years of medical experience	1. MBA with Merit, University of Bradford 2. Bachelor of Applied Science with Merit, National University of Singapore
2	Business Development Consultant	16 years of medical experience	Beijing Foreign Studies University
3	Assistant Sales Director (Dental)	15 years of dental experience	1. Diploma in Sales & Marketing 2. Diploma in Leadership & People Management
4	Regional Sales Manager	12 years of medical experience	Bachelor of Business Administration, National University of Singapore
5	Customer Service Executive	10 years of medical & laboratory experience	Diploma in Biotechnology, Singapore Polytechnic

6	Business Development Director	9 years of medical, laboratory & dental experience	1. Bachelor of Medical Bioscience, Aston University, Singapore 2. Diploma in Biomedical Science, Republic Polytechnic
7	Sales Executive	8 years of laboratory experience	Bachelor of Science, Biomedical International Medical University
8	Senior Quality Assurance & Regulatory Affairs Specialist	7 years of medical, laboratory & dental experience	1. Bachelor of Biomedical Science, La Trobe University 2. Diploma in Biomedical Sciences, Republic Polytechnic
9	Assistant Business Development Manager	6 years of laboratory experience	1. Doctor of Philosophy, National Technological University 2. Bachelor of Engineering (Materials Engineering), National Technological University
10	Assistant Supply Chain Manager	5 years of medical, laboratory & dental experience	1. Bachelor of Bioengineering, National Technological University 2. Diploma in Biomedical Engineering, Nanyang Polytechnic
11	After Sales Executive	4 years of dental experience	Bachelor of Engineering, National University of Singapore
12	Logistics and Procurement Executive	3 years of medical experience	1. Bachelor of Psychological Science, University of Wollongong 2. Diploma in Pharmaceutical Science, Nanyang Polytechnic
13	Assistant Sales Manager	6 months of laboratory experience	Bachelor of Science, National University of Singapore

(ii) The Company is committed to our goal of building a Pan-Asian High Tech Healthcare Company as its core while pursuing long-term investments in stable and high-growth areas with value creation for shareholders in mind. The Group has built its unique brand and consumer awareness, as well as developed and expanded its sales channels which focus on providing high-quality and high-tech products within the medical, dental and laboratory space. We are also planning to venture into providing quality after-sales services which allow us to rapidly progress towards our strategic goal of building a Pan-Asian High-Tech Healthcare company and establishing a medical industry manufacturing plant and medical products inventory base in Singapore.

AJJ focuses on sales of high-tech equipment, sustainable products with excellent sales and after-sales services, products of superior quality and at competitive prices.

In Singapore, AJJ has obtained the requisite medical certificates. ISO 13485:2016 was obtained in August 2021, Singapore Standard Good Distribution Practice for Medical Devices (“**GDPMDS**”) was obtained in October 2020, import and wholesale Health Science Authority (“**HSA**”) license was also obtained in October 2020, bizSAFE Level 3 was obtained in November 2021, while HSA manufacturer license was obtained on 18 March 2022. All suppliers and manufacturers working with AJJ undergo rigorous rounds of checking and verification to ensure that they hold valid ISO 13485:2016 accreditations and all products have been approved by US FDA or CE to ensure quality and compliance with the regulations stipulated by the relevant regulatory bodies. This in turn will ensure that the products that AJJ intends to purchase/distribute are of good quality and/or high standards.

Almost all the OEM companies which we partner with are ISO 13485:2016, CE and/or US FDA certified, and they have a track record in providing products in European countries. One of the competitive advantages of OEM companies is the competitive prices they offer and they will be equipped to produce products exactly how we need them to. With the process of mostly outsourcing being more efficient than manufacturing the products in-house at currently, we ultimately benefit from competitive prices, higher quality and various specialised goods, as well as more time to focus on core operations of the Group. AJJ is building a team to provide excellent sales, support and after sales service while manufacturing parts with an OEM so as to be well within the budgets of most businesses.

(iii) Yes, AJJ is working with OEM to rebrand all OEM products under the AJJ Brand.

(iv) All products are ISO 13485:2016, US FDA and/or CE certified. Further, AJJ has obtained all requisite medical certificates, including ISO 13485:2016, Singapore Standard GDPMDS, import and wholesale HSA license, HSA manufacturer license and bizSAFE Level 3. All suppliers and manufacturers working with AJJ undergo rigorous rounds of checking and verification to ensure they hold valid ISO 13485:2016 accreditations and all products have been approved by US FDA or CE to ensure quality and compliance with the regulations stipulated by the relevant regulatory bodies. This in turn will ensure that the products that AJJ intends to purchase/distribute are of good quality or high standards. Meanwhile, AJJ provides in-house quality checks on products by certified and experienced personnel upon receipt of goods and prior to the delivery of the products to all clients.

At the same time, we place great importance on our after-sales services. Our after-sales procedures to ensure end to end after service are listed below.

Equipment Application -> Testing and Commissioning -> Installation -> Warranty Services-> Maintenance -> Repair -> Spare parts supply -> Training -> System Upgrade -> System Renew

Question 2

In the corporate governance report, the company made the following disclosure on the remuneration of directors:

(Source: company annual report 2020 and 2021)

In 2021, the remuneration band of the executive directors is shown as “Above S\$250,000 and below S\$700,000” whereas the company provided a detailed remuneration of the directors in the previous year.

In addition, no explanation was given on the use of the above remuneration band. Provision 8.1 of the Code of corporate governance 2018 (2018 CG Code) requires the company to disclose the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of each individual director and the CEO.

(i) Can the board and the remuneration committee (RC) help shareholders understand if they are familiar with SGX rules and the 2018 CG Code?

(ii) Please disclose the remuneration of the executive directors as required by Provision 8.1 of the 2018 CG Code.

(iii) What guidance did the sponsor give to the company in terms of the requirement with regard to the disclosure of remuneration? The sponsor, Evolve Capital Advisory Private Limited, stated that it has reviewed the annual report for compliance with the relevant rules of the SGX-ST.

As the company disclosed that there are no other key management personnel other than the executive directors, from Note 25 (page 87 – Related party transactions), it can be seen that the remuneration of

the two executive directors increased from \$592,000 to an estimated \$980,000 (\$1,160,000 - \$180,000) in FY2021. Page 4 of 5

(Source: company annual report)

As shown in the consolidated statement of comprehensive income, revenue for FY2021 was \$319,000 (FY2020: \$683,000) and loss attributable to owners of the company was \$(1.7) million (FY2020: \$(2.8) million).

(iv) **Can the RC help shareholders understand if the level and structure of remuneration is commensurate with the performance and value creation of the company (Principle 7 of CG Code 2018)?**

Company's response

(i) The Board of Directors and the Remuneration Committee are familiar with SGX-ST listing rules and the 2018 Code of Corporate Governance (the “Code”). As mentioned in the annual report, the Board has adopted corporate governance practices and guidelines with references to the Code for FY2021. Pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist issued by the SGX-ST (the “Catalist Rules”), the corporate governance report outlines the Company’s corporate governance practices that were in place during FY2021. In areas where the Company’s practices vary from any provisions of the Code, the Company has stated therein the provision of the Code from which it has varied, and appropriate explanations were provided for the variation and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. Notwithstanding that the Company has not disclosed the exact amount of remuneration payable to each Director and the CEO, the Company believes that the remuneration disclosures in the annual report for FY2021 is consistent with the intent of Principle 8 of the Code in that it reflected the level and mix of the remuneration and also provided a clear breakdown of the key components which constituted the total remuneration of the executive directors.

(ii) The Company wishes to highlight that in Singapore, there are approximately 37 listed companies which are in healthcare industry, whereby 22% of such listed companies presented a detailed and exact remuneration of their directors and the remaining 78% of such listed companies presented the remuneration of their directors in remuneration bands.

Notwithstanding the above, in response to the question, the Company would like to disclose the detailed remuneration of all Directors, including that of the executive directors as follows:

Name of Director	Salary (S\$)	Bonus and other variable performance components (S\$)	Allowances and other benefits (S\$)	Directors' fee (S\$)	Total (S\$)
Dr Zhang Jian	590,640	36,915	24,000	-	651,555
Ms Zhao Xin	217,200	15,600	94,849.48 ¹	-	327,649
Mr Yap Koon Loong	-	-	-	60,000	60,000
Mr Chong Eng Wee	-	-	-	60,000	60,000
Dr Toh Lim Kai	-	-	-	60,000	60,000

¹ Course fees sponsored payment of approximately S\$70,849 for CEO/Executive’s studies in Harvey University paid in FY2021

(iii) The Sponsor provides guidance and/or reminders to the Company in relation to its continuing listing obligations under the Catalist Rules on an ongoing basis together with other relevant professionals, when required and best practices in relation to disclosure under the Code to continue to improve disclosures to shareholders. The Sponsor also provides relevant feedback to the Company's management and board of directors on market and regulatory expectations in order to enhance the Company's ongoing disclosures and to ensure that the Company meets its continuing obligations.

There was an increase in remuneration for the two executive directors from \$592,000 in FY2020 to an estimated \$980,000 in FY2021. This was due to the term and/or the timing of the appointment of the Executive Chairman, Dr Zhang Jian, who was appointed as Chairman and Executive Director of the Company only in May 2020, which meant comparing his aggregate salary for about 8 months in FY2020 as compared to 12 months in FY2021.

In addition, the Group's CEO and Executive Director, Ms Zhao Xin, was offered a place to study for a program for leadership development at Harvard University in 2022. As part of the key management personnel, and to further equip Ms Zhao Xin with valuable knowledge and skills which would prove beneficial and/or facilitate Ms Zhao Xin in leading the Company, the Company has borne the fees in respect of the foregoing as part of the benefits payable to the CEO. This is expected to improve the Company's image and inspire confidence from the public and clients. Thus, the aforesaid items resulted in a rather substantial increase in remuneration for the Executive Directors in FY2021

(iv) The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the relevant industries and the Company's performance to ensure that the remuneration of the Directors remain competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel (if any), so as to align their interests with those of shareholders and promote the long-term success of the Company. In addition, the Company has in place performance-related remuneration in respect of the Executive Directors and key management personnel (if any), which are determined based on the performance of the ongoing operations and corporate actions of the Company and/or Group and individual performance. The RC has reviewed and is satisfied that for FY2021, the remuneration received by the Executive Directors commensurate with their contributions, efforts, responsibilities and achievements.

In reviewing the Company and the Group's financial performance in FY2021, the RC has taken into account/ recognises that various key management personnel were hired to lead the Company to venture into new businesses in industries which may create long term value for shareholders. Due to the Company venturing into new business segments in FY2021 and the time required for obtaining approval for applications for various medical certificates in connection with the sale of the products, revenue generation was slow for FY2021.

Management has identified various achievements/milestones for the Company in respect of its venture into the healthcare & education industries and what they expect/hope to achieve in FY2022. The Board is cautiously optimistic that shareholders will find the level and structure of remuneration to be commensurate with better financial performance and greater value created for the Company in FY2022

The RC and Board will continue to monitor the level and structure of remuneration viz-a-viz the performance and value creation of the Company and make adjustments to the remuneration as and when necessary

Question 3

Cash and cash equivalents at the end of the year amounted to \$3.7 million, up from \$619,000 as at 31 December 2020. The group's financial position was boosted by the sale of a leasehold building for \$9.5 million. As a result, net cash generated from investing activities was \$8.99 million in FY2021. Net cash used in operating activities was \$(5.54) million.

(i) Has the board reviewed the group's liquidity position? What changes/improvements can be made to the group's working capital management?

(ii) The group has secured orders of approximately \$3 million for its health products and services business segment. **How did the board assess that the group has sufficient working capital to support its growth plans?**

(iii) Are there any major capital expenditures planned in the next 12-18 months?

Company's response

(i) The Board has reviewed the Group's liquidity position. The costs and productivity of the Company have been restructured by the management to be more efficient. At the same time, the management is looking for funds from global investment companies to be invested into the business. The healthcare industry is a valuable industry with high barriers to entry as various certificates are required including HSA, ISO 13485:2016, GDPMDS etc. All medical products are required to be HSA approved before they are promoted and distributed for sales in Singapore. While the Company has incurred substantial costs and expenses in connection with its applications for the requisite certificates, the Company has succeeded in obtaining the relevant certificates in FY2021.

The primary target in FY2022 will be focused on sales generation by way of local retail sales, local governmental tenders and regional sales. The Company will continue to expand its products portfolio to high-tech equipment and sustainable products.

(ii) The Board is monitoring the Company's sufficiency of working capital closely on a quarterly basis by reviewing the Group's cashflow needs/ expected expenditures and providing for contingencies to ensure there is sufficient working capital to support its growth plans. The Board also understands that if necessary, management is confident of securing additional financing (by way of loans from controlling shareholders or otherwise) so as to ensure sufficient working capital to fund the growth plans of the Group.

(iii) The Company is considering expanding the business in 2022 and is in the process of looking for high-tech and sustainable products to market and sell. The Company's current focus is on its core competence which is HIFU for medical product and 3D printer for the dental segment. If necessary, additional funds would be sought from high net worth investors, shareholders, government grants, funds company and/or bank loans to expand and increase the pool of available working capital.

BY ORDER OF THE BOARD

Zhao Xin
Chief Executive Officer and Executive Director

27 April 2022

*This announcement has been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited ("**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 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.

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