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

SALE AND PURCHASE AGREEMENT – PROPOSED DISPOSAL OF SHARES IN A SUBSIDIARY COMPANY

Unless otherwise defined, all capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 24 June 2014 and 23 July 2014 relating to the proposed disposal of Biofuel Research Pte. Ltd. (the "Announcements").

1. INTRODUCTION

1.1 The Board of Directors (the "**Directors**" or the "**Board**") of OEL (Holdings) Limited (the "**Company**" and together with its subsidiaries, the "**Group**") had on 24 June 2014 entered into a Heads of Agreement ("**HOA**") with Unionmet (Singapore) Limited (the "**Unionmet**") pursuant to which the Company shall sell and Unionmet shall purchase all of the Company's 1,300,500 ordinary shares in Biofuel Research Pte. Ltd. ("**Biofuel**") at an aggregate sale price of S$3,000,000.

1.2 On 23 July 2014, the Company announced that it had mutually agreed with Unionmet to extend the date of signing of the Sale and Purchase Agreement (the "**SPA**") from within one (1) month to within two (2) months of the signing of the HOA.

1.3 Following subsequent negotiations, the Board wishes to announce that the Company together with Spring Seeds Capital Pte. Ltd. (Company Registration No. 20010806H), a company incorporated in Singapore ("**Spring**"), Kom Mam Sun (NRIC No. S7430189D) ("**Kom**") and Lee Mei Fong (NRIC No. S1473455D) ("**Lee**"), (jointly the "**Vendors**") have on 14 August 2014 entered into a conditional SPA with UPS Industrial Pte. Ltd. (Company registration No: 201418176R), a company incorporated in Singapore (the "**Purchaser"**), pursuant to which the Vendors have agreed to sell and the Purchaser has agreed to purchase 1,300,500 ordinary shares being 51% of the capital of Biofuel (the "**Sale Shares**").

The following table shows the changes in the percentage and number of ordinary shares in Biofuel held by the Vendors and the Purchaser after the Completion:-

Name of Shareholders	Before Proposed Disposal		No. of Sale Shares	After Proposed Disposal	
	No. of Shares	%		No. of Shares	%
The Company	1,300,500	51.00	(663,255)	637,245	25.00
Spring	850,000	33.33	(433,500)	416,500	16.33
Kom Mam Sun	249,500	9.79	(127,245)	122,255	4.79
Lee	150,000	5.88	(76,500)	73,500	2.88
The Purchaser	0	0.00	1,300,500	1,300,500	51.00
Total	2,550,000	100.00		2,550,000	100.00

1.4 The consideration for the Sale Shares is an aggregate price of S$3.0 million (the "**Sale Consideration**"). The breakdown of the Sale Consideration is as follows:-

Name of Vendor	No of Sale Shares	Sale Consideration
OEL	663,255	S$1,530,000.00
Spring	433,500	S$1,000,000.00
Lee	76,500	S$176,470.59
Kom	127,245	S$293,529.41

2. INFORMATION ON BIOFUEL

2.1 Biofuel is a private company limited by shares incorporated in Singapore under the Companies Act and has a paid-up share capital of $3,750,000.00 comprising 2,550,000 ordinary shares in the capital of the Company.

2.2 Biofuel is in the business of processing acid oils and greasy waste using different technologies including thermal separation techniques and such related businesses.

3. INFORMATION ON THE PURCHASER AND UNIONMET

The Purchaser is a company incorporated in Singapore with limited liability, and is 100% owned by Unionmet.

Unionmet is a company incorporated in Singapore with limited liability and its shares are listed on the Singapore Exchange Securities Trading Limited since 2007.

The Group provides services in (i) manufacturing and trading of non-ferrous metals comprising indium ingots, and their related by-product; and (ii) the trading of (a) ferrous, non-ferrous and precious metals; (b) kaolin and barite; and (c) coal and coke. The Group is currently taking steps to diversify the Group's business to include property development and oil blending and distribution..

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The following table shows the changes in the percentage and number of ordinary shares in Biofuel held by the Vendors and the Purchaser after the Completion:-

Name of Shareholders	Before Proposed Disposal		No. of Sale Shares	After Proposed Disposal	
	No. of Shares	%	No. of Shares	No. of Shares	%
The Company	1,300,500	51.00	(663,255)	637,245	25.00
Spring	850,000	33.33	(433,500)	416,500	16.33
Kom Mam Sun	249,500	9.79	(127,245)	122,255	4.79
Lee	150,000	5.88	(76,500)	73,500	2.88
The Purchaser	0	0.00	1,300,500	1,300,500	51.00
Total	2,550,000	100.00		2,550,000	100.00

The principal terms of the Proposed Disposal, *inter alia*, are set out below.

4.1 Sale Consideration

4.1.1 The Sale Consideration for the Proposed Disposal is S$3.0 million, payable in cash to be paid in full to the Vendors upon completion of the Sale and Purchase. This amounts to S$2.3068 per share in Biofuel. The aggregate value of the consideration is arrived at on a willing-buyer, willing-seller basis, following arm's length negotiations between the Vendors and the Purchaser.

4.1.2 The Sale Consideration shall be satisfied by way of:-

(a) Payment of 5% of Sale Consideration (being S$150,000) which has been paid as a refundable deposit at the date of this Agreement ("**Refundable** Deposit") to the Company (as nominee of the Vendors, whose receipt of the Refundable Deposit shall be deemed as the Vendors' due receipt of the Refundable Deposit), to be refunded in full free of interest in the event the sale of the Sale Shares is terminated or not completed for whatever reasons in accordance with Clause 4.2 of the SPA; and

(b) The total balance 95% of the Sale Consideration (being S$2,850,000) shall be payable by the Purchaser to the Vendors in the following manner:

Name of Vendor	No of Sale Shares	95% of Sale Price
OEL	663,255	S$1,380,000.00**
Spring	433,500	S$1,000,000.00
Lee	76,500	S$176,470.59
Kom	127,245	S$293,529.41

** this is net of deposit S$150,000 as mentioned in 4.1.2(a) above

4.2 Conditions Precedent

Completion of the Proposed Disposal shall be conditional upon the following conditions (the "**Conditions Precedent**") being fulfilled on or before the Completion Date:-

4.2.1 the Purchaser being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Purchaser in respect of Biofuel, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of Biofuel;

4.2.2 all consents, approvals and authorisations of the bankers, financial institutions, landlords of leases, any other relevant third parties, government or regulatory authorities (including waiver of pre-emption rights from the existing shareholders of Biofuel) which are necessary in connection with the transfer of the Sale Shares from the Vendors to the Purchaser and the ownership by the Purchaser of the Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to the Purchaser, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to the Completion Date, including all such

relevant consents from Hong Leong Finance Limited (the "**HLF**") in relation to the change of ownership in shares.

4.2.3 the approval of the Board of the Purchaser and of the Purchaser's holding company Unionmet (Singapore) Limited for the transaction contemplated in the SPA;

4.2.4 the approval of the shareholders of the Purchaser and of the Purchaser's holding company Unionmet (Singapore) Limited in an Extraordinary General Meeting being obtained for the acquisition of the Sale Shares;

4.2.5 the approval of the Board of the Vendors for the transaction contemplated in the SPA (as required);

4.2.6 the approval of the shareholders of the Vendors in an Extraordinary General Meeting being obtained for the sale of the Sale Shares (if required);

4.2.7 obtained all relevant acknowledgements and/or consents (if required and/or necessary) from the Jurong Town Corporation in respect of the Property, including the change of ownership in shares and use of premises;

4.2.8 termination of the Subscription Agreement entered into between Biofuel, Spring and Kom on 8 July 2009 (the "**Subscription Agreement**");

4.2.9 all representations, warranties and undertakings of the Vendors and the Purchaser under the SPA being complied with, and being true, accurate and correct in all respects as at the Completion Date, as if repeated at Completion and at all times between the date hereof and Completion;

4.2.10 each of the Parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the SPA;

4.2.11 the Vendors or the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;

4.2.12 there has been no change in the shareholding or capital structure of Biofuel occurring on or before the Completion Date;

4.2.13 the delivery by the Vendors to the Purchaser of the Accounts and the Management Accounts, in form acceptable to the Purchaser; and

4.2.14 there has been no cancellation by HLF of any loans which have been extended by HLF to Biofuel or if HLF has notified Biofuel of HLF's intention to cancel any of the loans extended to Biofuel by HLF, Biofuel has on or before the Completion Date refinanced the relevant loan with such other financial institution as the Purchaser may approve.

4.3 If any of the conditions precedent in Clause 4.1 is not fulfilled by the Vendors or not waived by the Purchaser within three (3) months from the date of the SPA, the SPA shall *ipso facto* cease and determine (other than the Surviving Provisions) at the sole option of the Purchaser. The Vendors jointly and severally undertake that they shall, immediately refund the Refundable Deposit to the Purchaser upon notice by the Purchaser to refund the Refundable Deposit. None of the Parties shall have any claim against the others for costs, damages, compensation or otherwise save for antecedent breaches of the terms hereof and the Purchaser's rights under the SPA.

4.4 Subsequent to the Completion, the Purchaser agrees and undertakes to procure Biofuel to repay within a reasonable time period from the Completion Date (provided that such reasonable time period shall be no later than three (3) months after the Completion Date) Kom Mam Sun's loan of S$1,367,700.50 and the OEL's loan of S$1,017,761.07 as of the date of the SPA and all accrued interest payable.

4.5 No later than three (3) months after Completion, the Purchaser agrees to provide evidence satisfactory to the Company that all guarantees or indemnities given by the Company in relation to the construction loan extended by HLF to Biofuel in respect of the performance of obligations of Biofuel relating thereto have been fully released and discharged.

4.5 As soon as practicable after the date of the SPA, the Vendors jointly and severally undertake to procure that the parties to the Subscription Agreement sign a legally binding deed of termination, substantially in the format set out in Schedule 9 to terminate the Subscription Agreement.

4.6 The Vendors:

(i) jointly and severally undertake to waive and discharge Biofuel from any outstanding loans and amounts owing in excess of the sums agreed to be paid by Biofuel in the manner provided in Clause 4.4; and

(ii) further jointly and severally undertake to procure that all other parties to whom Biofuel has owed the Related Party Loans, waive and discharge any outstanding loans and amounts owing in excess of the sums agreed to be paid by Biofuel in the manner provided in Clause 4.4.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The business of Biofuel is technology-driven requiring continuous investments in a competitive emerging market. The Purchaser has expressed interest in the business and having the financial means and market synergy to enhance the business of Biofuel. The Company assessed this as a timely opportunity for it to partly divest its investment in Biofuel in the interest of the shareholders of the Company and the interest of Biofuel.

6. INTENDED USE OF THE PROPOSED DISPOSAL PROCEEDS

It is the intention of the Directors to deploy the proceeds from the Proposed Disposal to fund future acquisitions and its working capital.

7. RELATIVE FIGURES UNDER THE LISTING MANUAL RULE 1006

7.1 For the purpose of Chapter 10 of the SGX-ST Listing Manual (Section B: Catalist Rules) (the "**Listing Manual**"), the relative figures for the Proposed Disposal, based on the last announced consolidated accounts of the Group as at 30 June 2014, using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

	Bases of Computation	**Size of Relative Figure (%)**
Rule 1006 (a)	Net asset value of the assets to be disposed of compared with the Group's net asset value.	0.51%
Rule 1006 (b)	Net loss attributable to the assets disposed, compared with the Group's net loss	2.79%
Rule 1006 (c)	Aggregate value of the consideration given, compared with the market capitalisation based on the total number of issued shares excluding treasury shares as of the market day on which the SPA was executed (i.e. 14 August 2014) (using volume-weighted average share price for the full market day of S$0.063) = S$1,530,000/S$42,100,800	3.63%
Rule 1006 (d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	NA

Notes:

"Net profits/(losses)" means profit or loss before income tax, minority interests and extraordinary items.

Based on the unaudited consolidated financial statements of the Group for 1HFY2014

"Market capitalization" is determined by multiplying the number of shares of the Company in issue by the weighted average price of $0.063 of such shares transacted on 13 August 2014 (being the market day preceding the date of the Agreement).

7.2 As the relative figures as computed on the above bases does not exceed 5%, the Proposed Disposal does not constitute a discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

7.3 However, announcement of specific information under Rule 704 (17) (c) & (d) is necessary and the required information is as follows:-

(i) Rule 1010 (3)

The aggregate value of the consideration is S$3.0 million, which is arrived at on a willing-buyer, willing-seller basis, following arm's length negotiation between the Vendors and the Purchaser and is satisfied by way of payment

in cash on Completion. The Group's share of the aggregate value of the consideration is S$1.53 million.

(ii) Rule 1010 (5)

The net asset value of Biofuel as at 31 December 2013 was S$1,259,550. The net asset value attributable to the Proposed Disposal as at 31 December 2013 was S$642,370. The Group's share of the net asset value attributable to the Proposed Disposal as at 31 December 2013 is S$327,609.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The Company's gain on Proposed Disposal of investment in Biofuel is $1,117,834.

The proforma financial effects of the Proposed Disposal on the Company are set out below. The proforma financial are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Company's operations after the completion of the Proposed Disposal and are not indicative of the future financial position and earnings of the Company.

Effect of the Proposed Disposal on the Net Tangible Asset per share (the "**NTA**")

For the purpose of illustration and assuming that the Proposed Disposal had been completed on 31 December 2013, being the end of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements as at 31 December 2013, and the Sale Consideration of S$1.53 million, the effect on the NTA per share of the Group as at 31 December 2013, would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA [(a)]	S$45,899,756	S$47,102,147
Number of Shares	668,266,667	668,266,667
NTA per share	6.87 cents	7.05 cents

[(a)]: NTA refers to net assets less intangible assets and non-controlling interests.

Based on the above table, there will be a 2.6% increase in the NTA per share after the Proposed Disposal.

Effect of the Proposed Disposal on Earnings per share ("**EPS**")

Assuming that the Proposed Disposal had been completed on 1 January 2013, being the beginning of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2013, and the Sale Consideration of S$1.53 million the effect on the EPS of the Group for the financial year ended 31 December 2013 would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Earnings	S$14,916,519	S$16,257,177
Number of Shares	668,266,667	668,266,667
EPS	2.23 cents	2.43 cents

Based on the above table, there will be a 9.0% change in the earnings per share after the Proposed Disposal.

However, if the adjusted earnings related to the Distribution Business which was disposed of in FY2013 were excluded, the effect on the EPS of the Group for the financial year ended 31 December 2013 would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Earnings	(S$23,137,000)	(S$21,796,000)
Number of Shares	668,266,667	668,266,667
EPS	(3.46 cents)	(3.26 cents)

Based on the above table, there will be a 5.78% change in the earnings per share after the Proposed Disposal.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, save for their shareholding interests in the Company, none of the Directors or controlling Shareholders of the Company or their associates as defined in the Listing Manual has any interest, direct or indirect in the Proposed Disposal.

10. CAUTIONARY STATEMENT

Shareholders and potential investors should note that there is no certainty that the Proposed Disposal will be completed as the conditional SPA is subject to the fulfilment of terms and conditions set out in the SPA. Shareholders and potential investors are therefore advised to exercise caution when dealing or trading in the shares of the Company in relation to this announcement. When in doubt as to the action they should take, shareholders and potential investors should consult their stockbrokers, bankers, solicitors, financial or other professional advisers.

11. 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 SPA and the Group, 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 its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA may be inspected by Shareholders at the registered office of the Company at 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 during normal business hours for three (3) months from the date of the announcement.

By Order of the Board

Derick Lim Chien Joo
Group Financial Controller / Company Secretary
14 August 2014

*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: -

Name : Mr. Tan Chong Huat (Registered Professional, RHT Capital Pte. Ltd.)
Address: Six Battery Road, #10-01, Singapore 049909
Tel : 6381 6757