

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

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**PROPOSED DISPOSAL OF SHARES IN A SUBSIDIARY COMPANY**

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**1. INTRODUCTION**

The Board of Directors (the “**Directors**”) of OEL (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a Heads of Agreement on the 24th day of June 2014 (the “**HOA**”) with Unionmet (Singapore) Limited (Company Registration No: 200409104W), a company incorporated in Singapore (“the **Purchaser**”) pursuant to which the Company shall sell and the Purchaser 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.

**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 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**

- 3.1 The Purchaser is a company incorporated in Singapore with limited liability and its shares are listed on the Singapore Exchange Securities Trading Limited since 2007.
- 3.2 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. INFORMATION ON THE PROPOSED DISPOSAL**

The salient features of the HOA entered between the Company and the Purchaser are as follows:-

- 4.1 The Company agrees to sell and the Purchaser agrees to buy all of the Company's 1,300,500 ordinary shares in Biofuel at an aggregate price of S\$3,000,000, to be paid by cash in full, upon completion of the sale and purchase.
- 4.2 Upon signing of the Heads Agreement, the Purchaser shall pay the Company a refundable deposit of S\$150,000/- being 5% of the aggregate price.

- 4.3 After completion of the sale and purchase, the Company will hand over control of the Board of Biofuel to the Purchaser.
- 4.4 Within 3 months after completion of the sale and purchase, the Purchaser will procure and undertake Biofuel to repay Kom Mam Sun's director's/shareholder's loan of S\$1,367,700.50 and the Company's shareholder's loan of S\$917,761.07 as at 23 June 2014 plus all accrued interest payable, and any other loan drawdown after 23 June 2014 till on or before the Completion date, capped at S\$2.9 million in total.
- 4.5 The sale and purchase is conditional upon:-
- (a) satisfactory due-diligence by the Purchaser;
  - (b) approval of the Purchaser's board and approval of the Purchaser's shareholders, if required;
  - (c) approval of the Company's board and approval of the Company's shareholders, if required;
  - (d) all relevant approvals, consents and waivers having been obtained from the existing shareholders;
  - (e) consent of Hong Leong Finance Limited (acting as lender under the construction loan);
  - (f) any other regulatory requirements.
- 4.6 Subject to the necessary approvals and other conditions, the parties shall enter into a definitive Sale and Purchase Agreement within one month of the signing of the HOA. Completion shall take place within 3 months of signing of the definitive Sale and Purchase Agreement.

## **5. RATIONALE FOR THE 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 has the financial means and market synergy to enhance the business of Biofuel. The Company assessed this as a timely opportunity for it to 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, consider reducing its bank borrowing and provide a dividend distribution.

The Company will make the necessary announcements as and when such funds are materially disbursed and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

## **7. CONSIDERATION**

The aggregate consideration payable by the Purchaser for the purchase of 1,300,500 shares in Biofuel is cash S\$3,000,000 to be paid in full to the Company 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 negotiation between the Company and the Purchaser.

8. **REQUIREMENTS OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("THE SGX-ST") ("CATALIST RULES") IN RELATION TO THE DISPOSAL**

8.1 For the purpose of Chapter 10 of the Catalist Rules, the relative figures for the disposal computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced consolidated financial statements of the Group for financial year ended 2013 ("FY2013") are as follows:

	Bases of Computation	
Rule 1006(a)	Net asset value of the Sale Shares to be disposed	\$642,000
	Net asset value of the Group	\$45,899,000
	Size of relative figures	1.40%
Rule 1006 (b)	Net profits/(losses) attributable to the Sale Shares	\$(271,000)
	Net profits/(losses) of the Group	\$14,814,000
	Size of relative figures	-1.83%
	Net profits/(losses) of the Group's continuing operations	\$(23,908,000)
	Size of relative figures	1.13%
Rule 1006 (c)	Value of the Consideration	\$3,000,000
	Company's market capitalization	\$50,587,787
	Size of relative figures	5.93%
Rule 1006 (d)	Number of Shares to be issued as consideration	Not Applicable
	Number of shares of the Company in issue	Not Applicable
	Size of relative figures	Not Applicable

**Notes:**

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

*Based on the audited consolidated financial statements of the Group for FY2013.*

*"Market capitalization" is determined by multiplying the number of shares of the Company in issue by the weighted average price of \$0.0757 of such shares transacted on 23 June 2014 (being the market day preceding the date of the Agreement).*

- 8.2 As the relative figures as computed on the above bases exceeds 5% but is less than 50%, the proposed disposal constitutes a discloseable transaction within the meaning of Chapter 10 of the Catalyst Rules.

## 9. FINANCIAL EFFECTS

- 8.1 The Company's gain on disposal of investment in Biofuel is \$2,091,831.
- 8.2 The Group's gain on disposal of investment in Biofuel is \$2,257,629 (based on NTA \$1,259,550 as at 31 December 2013).
- 8.3 The proforma financial effects of the 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 disposal and are not indicative of the future financial position and earnings of the Company.

For the purpose of illustration and assuming that the 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 Consideration of S\$3 million, the effect on the NTA per share of the Group as at 31 December 2013, would be as follows:

### Effect of the disposal on Net Tangible Asset per share (NTA)

	<b>Before Disposal</b>	<b>After Disposal</b>
<b>NTA <sup>(a)</sup></b>	S\$45,899,756	S\$48,257,386
<b>Number of Shares</b>	668,266,667	668,266,667
<b>NTA per share</b>	6.87 cents	7.22 cents

<sup>(a)</sup>: NTA refers to net assets less intangible assets and non-controlling interests.

Based on the above table, there will be a 5.1% increase in the NTA per share after the Disposal.

### Effect of the disposal on Earnings per share (EPS)

Assuming that the 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 Consideration of S\$3 million, the effect on the EPS of the Group for the financial year ended 31 December 2013 would be as follows:

	<b>Before Disposal</b>	<b>After Disposal</b>
<b>Earnings</b>	S\$14,916,519	S\$17,545,261
<b>Number of Shares</b>	668,266,667	668,266,667
<b>EPS</b>	2.23 cents	2.63 cents

Based on the above table, there will be a 17.9% change in the earnings per share after the proposed disposal.

## 10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, save for:

- 10.1 none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the proposed disposal.
- 10.2 none of the directors, controlling shareholders or substantial shareholders of the Company is related to the Purchaser.

## 11. DOCUMENTS FOR INSPECTION

Copies of the HOA in respect of the Disposal are available for inspection during normal business hours at the registered office of the Company at 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 during normal business hours for a period of three (3) months from the date of this announcement.

By Order of the Board

Derick Lim Chien Joo  
Group Financial Controller / Company Secretary  
24 June 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*