

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

**PROPOSED DISPOSAL OF 100% OF THE SHARES IN THE ENTIRE ISSUED SHARE CAPITAL OF
DISCOVERY KIDZ PRESCHOOL PTE. LTD.**

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of OEL (Holdings) Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, ESO Health Child Care Pte. Ltd. (the “**Seller**” or “**ESO**”) has on 12 May 2023 entered into a sale and purchase agreement (the “**SPA**”) with CEASH Academy Pte. Ltd. (the “**Buyer**”, and the Seller and the Buyer collectively, the “**Parties**” and each or any of them a “**Party**”), for the proposed disposal by the Seller of 100% of the shares (the “**Proposed Disposal**”) that comprises the entire issued share capital of Discovery Kidz Preschool Pte. Ltd. (“**DKP**”).

DKP is a 100% subsidiary of ESO, which is in turn a 100% subsidiary of the Company. Following completion of the Proposed Disposal (“**Completion**”), DKP will cease to be an indirect subsidiary of the Company.

Reference herein to a “**Rule**” shall refer to any rule of Section B: Rules of Catalist of the Listing Manual (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), unless otherwise specified.

2. INFORMATION ON DKP, THE BUYER AND THE SALE SHARES

2.1 DKP

2.1.1 DKP is a private company limited by shares incorporated in Singapore on 21 June 2005. As at the date of the SPA, DKP has an issued and paid-up capital of S\$2, represented by 2 ordinary shares, which are entirely held by the Seller.

2.1.2 DKP is principally involved in the business of providing quality childcare services for preschool children. DKP operates a preschool at 13 Bedok Ria Place, Bedok Ria, Singapore 489773. The preschool offers holistic early childhood education and care for children aged 18 months to 6 years 11 months.

2.2 The Buyer

The Buyer, a private limited company incorporated in Singapore on 9 March 2018, is principally engaged in the business of the operation of a commercial school offering higher education programmes and training courses. As at the date of this announcement, the sole director and shareholder of the Buyer is Mr Yang Dong. The Buyer has no connections (including business relationships or dealings) with the Company, its Directors, or (to the best of the Company’s knowledge) any of the substantial shareholders of the Company (the “**Shareholders**”).

2.3 The Introducer

The Buyer was introduced to the Group by Ms Low Sai Lee (“**Ms Low**”), who was referred to the Group by one of the Group’s employees. An introducer fee amounting to 5% of the Consideration, being an amount of S\$13,000 (the “**Introducer Fee**”), shall be payable by the Seller to Ms Low upon completion of the Proposed Disposal and receipt of the full Consideration

(as defined below). Ms Low is an independent third party who has no connections (including business relationships or dealings) with the Company, its Directors, or (to the best of the Company's knowledge) any of the substantial Shareholders of the Company.

2.4 The Sale Shares

2.4.1 Sale Shares

DKP's issued share capital currently comprises 2 ordinary shares (the "**Sale Shares**").

2.4.2 Net Loss

Based on the audited financial statements of the Group for the financial year ended 31 December 2022 ("**FY2022**") (being the latest announced consolidated accounts of the Group as at the date of this announcement), the Group has a net loss before tax of approximately S\$4,523,251. *Based on the unaudited management accounts of DKP for FY2022*, the net loss before tax of DKP (after including goodwill impairment and amortisation of the Acquired Student Population ("**ASP**")) was approximately S\$538,298.

2.4.3 Asset Value

Based on the audited financial statements of the Group for FY2022, the book value and net tangible asset value of the Group are approximately S\$1,124,828 and S\$1,106,385, respectively. Based on the unaudited management accounts of DKP for FY2022, the book value and net tangible asset value (in each case, after adjustments to exclude the 31 December Write-Off Amount (as defined below)) of DKP are approximately S\$133,738.

2.4.4 Valuation

There is no third party valuation that was carried out for this disposal. The sale price was arrived at after arm's length negotiations between the Buyer and the Seller on a willing buyer and willing seller basis.

2.5 Proceeds and Excess over Book Value

The Company expects to receive gross proceeds of S\$260,000 from the Proposed Disposal. The estimated net proceeds from the Proposed Disposal, after deducting expenses of approximately S\$27,500 incurred in connection with the Proposed Disposal, is expected to amount to approximately S\$232,500. The Company intends to use the net proceeds from the Proposed Disposal for the Company's working capital, business expansion, and cash flow needs, which encompass the essential resources for the operation and growth of their business.

Based on the unaudited management accounts of DKP for FY2022, the excess of the net proceeds of the Proposed Disposal over the book value of DKP (i.e. gains on disposal) is approximately S\$98,762.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group had entered into a sale and purchase agreement for the acquisition of DKP on 1 March 2020 (the "**DKP Acquisition**") for a cash consideration of S\$416,000. The DKP Acquisition was completed on 20 June 2020 following the Company obtaining Shareholders' approval at an extraordinary general meeting held on 1 April 2020 to diversify the then existing business of the Group to include the childcare and health education business, which will consist of, but not limited to, the construction, development, establishment, ownership, acquisition, management and operation of childcare centres, as well as the provision of health education services and related services through the introduction of, *inter alia*, healthcare educators, dietitians, psychologists, healthcare education experts and teachers (the "**Health Education**

Business”).

Since completion of the DKP Acquisition in June 2020, DKP has been loss-making. Based on the audited consolidated financial statements of the Group for FY2022, the Group reported a net loss before tax of approximately S\$4,523,251 in FY2022, of which approximately 12% of such loss was attributable to DKP.

While the Group had earlier acquired DKP as part of its plans to diversify into the Health Education Business, the Board believes that the Company’s continued investment in DKP is unlikely to reap any material benefits in the foreseeable future without significant additional capital investment. The Proposed Disposal is intended to allow the Company to re-strategise and re-allocate its financial and capital resources, resulting in more working capital for the expansion of the Group’s Health Education Business (whether via acquiring new targets in that business segment or otherwise) as well as to focus on other business segments of the Group. In particular, in respect of the Group’s business in the provision of healthcare equipment/products and services (the “**Healthcare Products and Services Business**”), although the Group (and the Healthcare Products and Services Business) is currently loss-making, the Board is of the view that losses in the Healthcare Products and Services Business are unavoidable, especially during the initial stages. Obtaining various medical qualifications and certifications, as well as obtaining approvals from the Health Sciences Authority and other relevant regulators, is a time-consuming and costly process. The Proposed Disposal is therefore expected to allow the Group to focus and allocate more resources to the Group’s Healthcare Products and Services Business. The Company believes that this business segment has more potential for growth and profitability. This strategic move may, in turn, result in higher value to the Shareholders.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 The Proposed Disposal

Subject to the terms and conditions of the SPA, the Buyer shall purchase from the Seller, and the Seller agrees to sell to the Buyer, the Sale Shares, which represent 100% of DKP’s entire issued share capital.

4.2 Consideration

4.2.1 Consideration

The consideration for the Proposed Disposal (the “**Consideration**”) is S\$260,000.

4.2.2 Manner of satisfaction

The Consideration shall be satisfied entirely in cash by the Buyer in 2 tranches in the following manner:

- (a) Payment of 50% of the Consideration upon the signing of the SPA.; and
- (b) Subject to the Seller’s performance of its obligations under the SPA, payment of 50% of the Consideration (less such amount paid as a non-refundable deposit pursuant to the term sheet signed on 6 May 2023) within three (3) days of the date of the completion of the transfer of shareholding in DKP from the Seller to the Buyer as per record with the Accounting and Corporate Regulatory Authority, and in any case, no later than ninety (90) calendar days from the date of this Agreement (the “**Completion Date**”).

4.3 Basis for Consideration

The Consideration was arrived at after arm's length negotiations between the Buyer and the Seller and on a "willing-buyer willing-seller" basis after taking into consideration the following factors:

- (a) pursuant to the SPA, the Parties agree that, notwithstanding that completion of the Proposed Disposal may take place after 15 May 2023, the Buyer shall be responsible for funding and procuring payment of all expenses, costs, liabilities and fees owing by DKP for the period commencing on and from 15 May 2023;
- (b) the successful renewal of the Early Childhood Development Centre Licence by DKP for a period of three (3) years commencing from 26 January 2023 and expiry on 25 January 2026;
- (c) the net loss before tax of DKP (after including goodwill impairment and amortisation of ASP of DKP) for FY2022 of approximately S\$538,298; and
- (d) the rationale for and benefits to the Group arising from undertaking the Proposed Disposal as described in section 3 of this announcement.

4.4 Conditions Precedent

Completion of the Proposed Disposal is conditional upon obtaining all such approval(s), confirmation(s), and/or waiver(s) from all relevant regulatory authorities such as the SGX-ST or the Company's Sponsor in connection with the Proposed Disposal and all corporate actions contemplated thereunder as may be necessary.

4.5 Completion

Completion of the Proposed Disposal shall take place no later than 15 August 2023 or such other date as Parties may otherwise agree in writing.

4.6 Other Conditions

4.6.1 Undertakings

Pursuant to the SPA, ESO has provided undertakings to the Buyer that (except with the prior written consent of the Buyer), neither it nor any member of the Group shall, whether by itself, through its employees or agents or otherwise and whether on its own account or in conjunction with others whether directly or indirectly:

- (a) at any time after the Completion Date, disclose or divulge to any third party any information relating to DKP's business; or
- (b) at any time after the Completion Date, use, or permit any third party to use, any trademark, trade or domain name, design or logo, including the expressions 'DISCOVERY KIDZ PRESCHOOL' or 'DISCOVERY KIDS PRESCHOOL' or any email address used by DKP at any time during the 24 months prior to the Completion Date or any other name which, in the reasonable opinion of the Buyer, is intended or likely to be confused with any such trade or domain name or email address.

4.6.2 Write-off Amount

The Seller and the Company have disbursed loans in the sum of S\$417,509.03 to DKP to facilitate continuity in DKP's business operations for the period from 26 August 2021 to 12 May

2023. Pursuant to the SPA, it was agreed that, subject to Completion, such loan amount of S\$417,509.03 to DKP shall be written off (such amount being the “**Write-Off Amount**”) in its entirety without any liability accrued to DKP or the Buyer on the Completion Date. As at 31 December 2022, the Write-Off Amount is S\$350,509 (such amount being the “**31 December Write-Off Amount**”)

5 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Net asset value and aggregate value of consideration

Paragraph 3.2 of Practice Note 10A of the Catalist Rules (“**Practice Note 10A**”) provides, among others, that in computing the net asset value of a business to be disposed of under Rule 1006(a), if there is a capitalisation, or a waiver or *write-off of a loan (in full or in part) extended by the issuer to the business*, the amount of the loan, waiver or write-off shall be *added to the net asset value of the business*.

As the Parties have agreed, pursuant to the SPA, for the loans to DKP in the sum of S\$417,509.03 to be written off, the computation of the relative figures under Rule 1006(a) takes into consideration the above. Shareholders should refer to the accompanying notes to the relevant figures below for further details.

5.2 Relative Figures

Based on the audited consolidated financial statements of the Group for FY2022 (being the latest announced consolidated accounts of the Group as at the date of this announcement) and the unaudited management accounts of DKP for FY2022, the relative figures of the Proposed Disposal computed on the bases set out in Rules 1006(a), (b) and (c) are set out in the table below.

Rule	Base	Relative Figure
1006(a)	The net asset/liability value of the assets to be disposed of, compared with the Group’s net asset/liability value. This basis is not applicable to an acquisition of assets.	(19.3% ⁽¹⁾)
1006(b)	The net profits or net loss attributable to the assets disposed, compared with Group’s net profits or net loss ⁽²⁾	11.9% ⁽³⁾
1006(c)	The aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	4.64% ⁽⁴⁾
1006(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁵⁾
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) The relative figure computed on the basis of Rule 1006(a) in respect of the Proposed Disposal is derived by computing (a) the net asset value of the Group as at 31 December 2022 amounting to approximately S\$1.12 million and (b) the net asset value of DKP as at 31 December 2022 (as adjusted to add the 31 December Write-Off Amount in accordance with Practice Note 10A) amounting to approximately S\$0.13 million.
- (2) For the purpose of computation of these figures, “**net profits**” or “**net loss**” means profit or loss (as the case may be) including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) The relative figure computed on the basis in Rule 1006(b) in respect of the Proposed Disposal is derived by computing (a) DKP’s net loss before tax (including goodwill impairment) of approximately S\$0.54 million based on its unaudited management accounts for FY2022, and (b) the Group’s net loss before tax of approximately S\$4.52 million for FY2022.
- (4) The relative figure computed on the basis of Rule 1006(c) in respect of the Proposed Disposal is derived by computing (a) the aggregate value of the consideration for the Proposed Disposal of S\$260,000 and (b) the Company’s market capitalisation of approximately S\$ 5,602,812 derived by multiplying the issued share capital of the Company as at the date of this announcement of 933,802,074 Shares by the volume weighted average price of S\$0.006 per Share on 11 May 2023, being the last full market day preceding the date of the SPA on which Shares were traded. The Company does not have any treasury shares.
- (5) Rules 1006(d) and (e) are not applicable as this transaction relates to a disposal, and the Company is not a mineral, oil and gas company.

5.3 The Proposed Disposal as a discloseable transaction

As disclosed in the Company’s annual report for the financial year ended 31 December 2021, the segment revenue from the Health Education Business, which is presently undertaken by DKP, contributed to 23.9% of the Group’s revenue for FY2022. Notwithstanding the foregoing, and as explained below, the Proposed Disposal is only deemed to be a discloseable transaction.

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules (“**Practice Note 10A**”). Pursuant to paragraph 4.4(e) of Practice Note 10A, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 in relation to the disposal of a loss-making asset by an issuer (whether profitable or loss-making), where:

- (a) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 50%; and
- (b) if the disposal will result in a loss on disposal, the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values).

If the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A, Rule 1014 of the Catalist Rules shall apply to the transaction.

- 5.3.1 In respect of the Proposed Disposal, as the transaction involves the disposal by the Company (being loss-making) of a loss-making asset, the relative figures computed pursuant to Rule 1006(b) involves negative figures. Having regard to the above, as the relative values computed based on Rule 1006(a) and (c) of the Catalist Rules do not exceed 50% and the Proposed Disposal will not result in a loss on disposal, the Proposed Disposal falls within the situation in

paragraph 4.4(e) of Practice Note 10A and is deemed to be a discloseable transaction. Accordingly, approval from shareholders is not required.

6 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

6.1.1 The financial effects of the Proposed Disposal on the share capital, loss per Share (“**LPS**”) and net tangible assets (“**NTA**”) per Share of the Group have been prepared based on (a) the audited consolidated financial statements of the Group for FY2022 (being the most recently completed financial year of the Group) and (b) the unaudited management accounts of DKP for FY2022. The pro forma financial effects of the Proposed Disposal are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the Proposed Disposal.

6.1.2 For illustration purposes only, the financial effects of the Proposed Disposal have been computed based on the following assumptions:

- (a) the financial effects on the Group’s NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the Proposed Disposal was completed on 31 December 2022, being the end of the most recently completed financial year;
- (b) the financial effects on the Group’s loss attributable to the Shareholders and LPS have been computed assuming that the Proposed Disposal was completed on 1 January 2022, being the beginning of the most recently completed financial year; and
- (c) any costs and expenses in connection with the Proposed Disposal have been disregarded.

6.2 Share Capital

	Before Completion	After Completion
Number of Shares	933,802,074	933,802,074
Issued and paid-up share capital (S\$)	42,744,548	42,744,548

6.3 NTA per Share

The financial effects of the Proposed Disposal on the consolidated NTA per Share for FY2022, assuming Completion had taken place on 31 December 2022 (being the end of FY2022) are set out below.

	Before Completion	After Completion
Consolidated NTA attributable to Shareholders	1,176,908	1,141,932
Number of Shares	933,802,074	933,802,074
Consolidated NTA per Share attributable to Shareholders (Singapore cents)	0.13	0.12

6.4 LPS

The financial effects of the Proposed Disposal on the consolidated LPS for FY2022, assuming Completion had taken place on 1 January 2022 (being the beginning of FY2022) are set out below.

	Before Completion	After Completion
Consolidated net loss attributable to shareholders	4,240,092	3,603,032
Weighted average number of issued Shares (excluding treasury shares)	933,802,074	933,802,074
Consolidated LPS (Singapore cents)	0.45	0.39

7 DIRECTOR'S SERVICE CONTRACT

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract will be entered into between the Company and any such person.

8 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective directorships and/or shareholding interests in the Company and/or its subsidiaries (as the case may be) and save as disclosed in this announcement, none of the Directors or their associates or, as far as the Company is aware, controlling Shareholders or their associates, has any interest, direct or indirect, in the Proposed Disposal.

9 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 Disposal, 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 the 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 the announcement in its proper form and context.

10 TRADING CAUTION

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Completion of the Proposed Disposal is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11 FURTHER ANNOUNCEMENTS

The Company will make further announcements to keep Shareholders informed as and when

there are further material updates and developments in respect of the Proposed Disposal.

12 DOCUMENT AVAILABLE FOR INSPECTION

Copies of the SPA are available for inspection by Shareholders of the Company at the Company's registered office at 8 Commonwealth Lane, #02-04, Singapore 149555 during normal business hours for a period of 3 months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Zhao Xin
Chief Executive Officer and Executive Director

12 May 2023

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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 contact person for the Sponsor is Mr. Jerry Chua, Registered Professional, at 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906, telephone (65) 6381 6966.