

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

**TERM SHEET FOR ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE
CAPITAL OF MAXZ UNIVERSAL DEVELOPMENT GROUP PRIVATE LIMITED**

1. INTRODUCTION

The Board of Directors (the “**Directors**” or the “**Board**”) of OEL (Holdings) Limited (the “**Company**” or the “**Purchaser**”) wishes to announce that the Company had on 18 August 2017 entered into a non-binding term sheet (the “**Term Sheet**”) with Cairnhill Treasure Investment (S) Pte. Ltd. (“**CTI**”), Tan Boon Kian (“**TBK**”), Kok Wei Jian Alex (“**KWJ**”), Lim Jin Wei (“**LJW**”) and Chiu Li Yu (“**CLY**”) (collectively, the “**Vendors**”), in relation to the proposed acquisition of the entire issued and paid-up share capital of Maxz Universal Development Group Private Limited (the “**Target**”) (the “**Proposed Acquisition**”).

The Proposed Acquisition may result in a very substantial acquisition or a reverse takeover as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to, *inter alia*, the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

2. PROPOSED ACQUISITION

(i) Information on the Target

Pursuant to the terms of the Term Sheet, it is contemplated that the Proposed Acquisition will comprise, *inter alia*, the acquisition by the Company of the entire issued and paid-up share capital of the Target which comprises 16,382,846 fully paid ordinary shares (“**Sale Shares**”).

The Target, which is incorporated in Singapore, is the legal and beneficial owner of 12,836,319 ordinary shares of Treasure Resort Pte. Ltd. (“**Treasure Resort**”), representing 93.90% of the entire issued and paid-up share capital of Treasure Resort. Treasure Resort, which is incorporated in Singapore, is the lessee of the hotel known as Le Meridien, located in Sentosa Island, Singapore (the “**Hotel**”).

(ii) Information on the Vendors

CTI is an investment holding company incorporated in Singapore and TBK owns 99.98% of the entire issued and paid-up share capital of CTI. CTI owns 67% and TBK owns 33% of the issued and paid-up share capital of the Target. CTI and TBK have agreed to transfer approximately 7.18% of the issued and paid-up share capital of the Target to KWJ, LJW and CLY prior to completion of the Proposed Acquisition; and KWJ, LJW and CLY have agreed to sell the said shares to the Purchaser in accordance with the Proposed Acquisition.

TBK has a Bachelor Degree in hotel management from the University of Hawaii and is a Certified Hotel Administrator issued by the American Hotel and Motel Association. TBK has 33

years experience operating and managing hotel. KWJ, LJW and CLY are private investors who are also assisting TBK and CTI in arranging the Proposed Acquisition.

(iii) Consideration for the Proposed Acquisition

The Vendors shall sell and the Purchaser shall acquire the Sale Shares from the Vendors for a consideration of S\$41,500,000 which shall be payable in the following manner:

- (a) payment of the sum of S\$9,000,000 in cash to CTI and/or TBK with S\$8,000,000 paid within 6 months from completion of the transfer of the Sale Shares to the Purchaser and the balance S\$1,000,000 being paid to CTI and/or TBK on or before 30 June 2019; and
- (b) after approval and completion of the Share Consolidation Exercise (as defined below), the issuance of 92,857,143 new ordinary shares in the capital of the Purchaser (the "**New Shares**") at an issue price of S\$0.35 per New Share (the "**Issue Price**") in the following manner: (i) 86,190,476 New Shares shall be issued to CTI and/or TBK; (ii) 3,000,000 New Shares shall be issued to KWJ; (iii) 3,000,000 New Shares shall be issued to LJW; and (iv) 666,667 New Shares shall be issued to CLY. The New Shares shall comprise approximately 73.5% of the enlarged share capital of the Purchaser after approval and completion of the Share Consolidation Exercise.

(iv) Conditions precedent

The Proposed Acquisition shall be conditional upon, amongst others, the following:

- (a) satisfactory financial, business and legal due diligence on the Target by the Purchaser including but not limited to the provision of a valuation report of the business of the Target which complies with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (current estimate is S\$65,000,000) and which takes into account the value of the lease of the Hotel after deduction of liabilities (the "**Valuation Report**");
- (b) satisfactory financial, business and legal due diligence on the Purchaser by the Target;
- (c) approval of the respective board of directors of the Target and the Purchaser for the Proposed Acquisition;
- (d) application to the Securities Industry Council ("**SIC**") by the Purchaser for waiver of mandatory offer requirements and other relevant issues and conditions of SIC being acceptable to the Purchaser and the Vendors as the Vendors will own more than 30% of the enlarged share capital of the Purchaser upon completion of the Proposed Acquisition;
- (e) purchaser's shareholders' approval of the Proposed Acquisition, allotment and issuance of the New Shares at the Issue Price and consolidation of every 20 existing ordinary shares in the capital of the Purchaser into one (1) ordinary share in the capital of the Purchaser ("**Share Consolidation Exercise**"); and
- (f) approval by the SGX-ST of the listing and quotation of the New Shares on the Catalist of the SGX-ST and all other necessary approvals by the SGX-ST or other relevant authorities.

Pursuant to the terms of the Term Sheet, the Proposed Acquisition will be subject to the satisfaction of such other conditions precedent as may be agreed by the relevant parties in the definitive agreements and all other documents and agreements ancillary or pursuant thereto or in connection therewith (collectively, the "**Definitive Agreements**") (including those typically found in arm's length transactions of a similar nature as the Proposed Acquisition).

3. EXCLUSIVE NEGOTIATIONS

The Definitive Agreements containing amongst others the terms and conditions in the Term Sheet shall be negotiated in good faith by the Vendors and the Purchaser and both parties shall use best endeavours to enter into Definitive Agreements within 60 days from the date of the Term Sheet (or such other date as agreed between the parties in writing). The Vendors and the Purchaser shall negotiate exclusively with each other for a period of 60 days. In the event that the parties are unable to agree on the terms of the Definitive Agreements within 60 days from the date of this Term Sheet (or such other date as agreed between the parties in writing), this Term Sheet shall be terminated immediately without any liability for either party.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Acquisition.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments in respect of the Proposed Acquisition.

6. 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

Tan Ching Chek
Company Secretary
18 August 2017

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 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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