

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

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**PROPOSED DISPOSAL OF PROPERTY AT 8 ALJUNIED AVENUE 3**

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**1. INTRODUCTION**

**1.1** The Board of Directors (the “**Board**” or the “**Directors**”) of OEL (Holdings) Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 19 October 2020 granted to Exeo Global Pte. Ltd. (the “**Purchaser**”) a conditional option to purchase (the “**Option**”) the Company’s property (the “**Property**”) located at 8 Aljunied Avenue 3, Singapore 389933 for a purchase consideration of S\$9,500,000 (excluding goods and services tax) (the “**Proposed Disposal**”).

**1.2** Shareholders should note that the Option granted by the Company is not a valid and binding agreement for the sale and purchase of the Property until the Purchaser validly exercises the Option in accordance with the terms therein. Upon the Purchaser’s valid exercise of the Option in accordance with the terms of the Option, the Option will constitute a conditional sale and purchase agreement binding on the Company and the Purchaser, the key terms of such sale and purchase as set out in section 3 below.

**2. INFORMATION ON THE PROPOSED DISPOSAL**

**2.1 The Property**

The Property is a 3-storey single-user detached factory located at 8 Aljunied Avenue 3, Singapore 389933 and is a Jurong Town Corporation (“**JTC**”) leasehold property with a leasehold tenure of 30 years commencing from 1 September 2013. The Property is currently mortgaged to a bank pursuant to a facility previously obtained by the Company. The Company has however not drawn down on the foregoing facility. Upon re-assessment of its finances and the potential earnings from the Proposed Disposal, the Company does not expect such facility to be required for the Group’s business operations at this juncture.

The Property is currently partially leased to a third party and the Company is deriving rental revenue from the lease of part of the Property. Other than conducting occasional business meetings at the Property, the Group does not conduct any of its principal operations at the Property.

**2.2 The Purchaser**

The Purchaser is a private company limited by shares incorporated in Singapore and is wholly-owned by Kyowa Exeo Corporation. Kyowa Exeo Corporation is a company incorporated in Japan and is listed on the Tokyo Stock Exchange. The Purchaser is an independent third party and does not hold any shares in the Company.

The Purchaser was introduced to the Company through PropertyBank Pte Ltd, the property agent engaged by the Company for the disposal of the Property. For the introductory services provided by the property agent, the Company will pay the agent a commission fee of S\$95,000. The Company understands that such commission fee payable by the Company is in line with the market rate for such commission fee payable to an agent for commercial/industrial properties which is typically 1% to 2% of the purchase price for the property which such agent has procured the sale of.

**2.3 Value of Property**

Based on the valuation report dated 10 September 2020 issued by PREMAS Valuers & Property Consultants Pte. Ltd. (being the valuer commissioned by the Company to conduct an

independent valuation on the Property for the purposes of the Proposed Disposal) (the “**Valuation Report**”), the market value of the Property is S\$9,500,000.

Pursuant to the Valuation Report, the Property of S\$9,500,000 has been valued on the basis of market value as at the valuation date of 19 June 2020. In this regard, “market value” as used in the context of the valuation is defined as “the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Shareholders should note that for the purposes of the Valuation Report, the date of valuation of the Property is 19 June 2020 (being the same date that the Company had previously engaged the Valuer to perform a valuation of the Property for the purposes of a loan facility to be extended by a bank which was announced in the Company’s announcement released on 11 August 2020 in relation to the Group’s financial results for the half year ended 30 June 2020). The Company has agreed to use the valuation of the Property as at 19 June 2020 as an indication of the Property’s value for the purposes of the Proposed Disposal as the Company is of the view that there has been no material change in the Property since the last valuation date of 19 June 2020.

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period for the six months ended 30 June 2020 (“**HY2020**”), the book value of the Property was approximately S\$7,792,000.

## **2.4 Use of Sale Proceeds**

The consideration of S\$9,500,000 represents an excess of approximately S\$1,708,000 over the book value of the Property of approximately S\$7,792,000. Accordingly, the Group expects to recognise a net gain of approximately S\$1,533,000 from the Proposed Disposal.

The estimated net proceeds from the Proposed Disposal, after deducting expenses of approximately S\$175,000 incurred in connection with the Proposed Disposal is expected to amount to approximately S\$9,325,000. The Company intends to use the net proceeds from the Proposed Disposal solely for working capital purposes, in particular towards the expansion of its healthcare and healthcare education businesses.

## **3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

### **3.1 Consideration**

The consideration for the Property (the “**Consideration**”) is S\$9,500,000 excluding goods and services tax (“**GST**”) and will be satisfied wholly in cash upon completion of the Proposed Disposal.

The Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser on a willing buyer willing seller basis, taking into account, *inter alia*, the market value of the Property and prevailing market conditions.

### **3.2 Payment Terms**

Pursuant to the Option, the Consideration shall be fully satisfied in cash and shall be payable in the following manner:

- (a) 5% of the Consideration (being the sum of S\$475,000) plus GST thereon (the “**Option Fee**”) upon the grant of the Option, such monies to be paid directly to the Company. In this regard, the Company confirms that it has received a cheque for the amount of the Option Fee from the Purchaser;
- (b) 5% of the Consideration (being the sum of S\$475,000) plus GST thereon upon the exercise of the Option by the Purchaser (together with the Option Fee, the “**Deposit**”),

such monies to be held by the Company's solicitors as stakeholders pending satisfaction of the condition in paragraph 3.3(a) below.

In this regard, upon satisfaction of the condition in paragraph 3.3(a) below, the parties agree that such monies being the sum of S\$475,000 and GST thereon will be released and paid to the Company; and

- (c) the remaining 90% of the Consideration plus GST thereon upon completion of the Proposed Disposal.

If the Option is not exercised by the Purchaser in accordance with the terms of the Option, the Option shall lapse, and the Company shall be entitled to forfeit the Option Fee absolutely and thereafter neither party shall have any claim against the other whatsoever.

### 3.3 Conditions

Upon the Purchaser's exercise of the Option, the Proposed Disposal is conditional upon, *inter alia*, the following conditions having been fulfilled or waived in accordance with the terms of the Option:

- (a) by no later than 31 December 2020 (or such other date as may be agreed in writing by the parties):
  - (i) the Company receiving all necessary approvals/ratification from its shareholders (the "**Shareholders**") as may be required pursuant to Section B: Rules of Catalist (the "**Catalist Rules**") of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the grant of the Option and the disposal of the Property at an extraordinary general meeting (the "**EGM**") to be convened; or
  - (ii) (if applicable) a waiver being obtained by the Company from the SGX-ST in respect of the requirement under Rule 1014(2) of the Catalist Rules or any other requirement of the Catalist Rules to seek the relevant Shareholders' approval/ratification.

For the avoidance of doubt, as set out in paragraphs 5.2 and 9 below, the Company will be seeking Shareholders' approval for the disposal of the Property at the EGM to be convened;

- (b) the Purchaser receiving notice of issuance by JTC of the in-principle approval for the sale of the Property to the Purchaser (the "**JTC In-Principle Approval**") and, where applicable, the approval of the relevant competent authorities as may be required for the sale of the Property to the Purchaser and such other applications in connection with the foregoing sale and purchase (including but not limited to the approval for the Company to sell and the Purchaser to purchase all the interest of the Company in the Property comprised in the relevant principal lease agreement and the Purchaser's application for the redevelopment of the Property and the change of use of the Property) by 31 March 2021 (or such other date as may be agreed in writing by the parties);
- (c) the Purchaser's solicitors having received satisfactory replies to the usual legal requisitions sent to the various relevant government departments provided that the Purchaser's solicitors shall undertake such legal requisitions as soon as commercially practicable after the exercise of the Option by the Purchaser; and
- (d) there being no notice of acquisition or intended acquisition in whole or in part of the Property (where such part affects the building comprised in the Property, or affects more than 3% of the land area of the Property) by the government or any other competent authority. For avoidance of doubt, if any notice of acquisition or intended acquisition of the Property or any part thereof, is gazetted in the Government Gazette on or before the date of completion, such notice shall be deemed to be a notice issued by the Government

or other competent authorities in respect of the Property or any part thereof on or before the date of completion.

The Proposed Disposal is further subject to “The Law Society of Singapore’s Conditions of Sale 2012”, insofar as they are applicable to a sale by private treaty and are not varied by or inconsistent with the terms of the Proposed Disposal.

### 3.4 Reimbursement of Costs and Return of Deposit

In the event that the condition in paragraph 3.3(b) or 3.3(c) is not satisfied, the Purchaser is entitled to rescind the Option by giving notice to the Company. Upon the Company’s receipt of the foregoing notice, the Option shall become null and void and the following will apply:

- (a) the Purchaser shall be required to reimburse the Company the sum of S\$95,000 for such relevant costs as may be incurred by the Company in respect of, among others, the application to JTC; and
- (b) the Company shall, after deducting the foregoing sum of S\$95,000, refund to the Purchaser the balance of the Deposit (without interests or any other deductions).

In the event that the condition in paragraph 3.3(a) or 3.3(d) above is not satisfied, the Option shall immediately be deemed null and void and the Company shall return the Deposit to the Purchaser (without any interests or deductions) and each party shall bear their own costs in the matter.

### 3.5 Completion

Completion of the Proposed Disposal is expected to take place:

- (a) on the date falling one (1) month after the date of the JTC In-Principle Approval; or
- (b) within 14 days after the Company’s receipt of JTC’s written confirmation that it has no objections to the execution by the parties of the instrument of transfer in respect of the Property in favour of the Purchaser,

whichever is the later (the “**Completion Date**”).

Save as disclosed above, there is no other material conditions attached to the Option.

## 4. RATIONALE FOR THE PROPOSED DISPOSAL

The Board is of the view that the Proposed Disposal is in the best interests of the Group for the reasons set out below.

- (a) The Property is not utilised for the Group’s business and is considered a non-key asset given the limited rental revenue derived from the partial leasing of the Property. As the Group diversifies into its New Business (as defined below), the Board believes that the Company’s continued holding of the Property is unlikely to reap any material benefits in the foreseeable future in view of the general uncertainty over the rental market. The Proposed Disposal therefore allows the Company to dispose a loss-making asset and to realise the value of the Property and free up cash, thereby increasing and improving cash flow for the Group.
- (b) The Proposed Disposal is in line with the Group’s strategic plan to eventually dispose of its properties in respect of the Group’s property rentals and property management businesses as the Group diversifies into the Childcare Wellness Education Division, and investments into projects and companies in the Health Care industry (the “**New Business**”) including but not limited to funding the operations and business activities of HIFU Suntec Pte. Ltd. (the “**JV Company**”) such as the manufacturing and distribution of High-Intensity Focused Ultrasound (“**HIFU**”) machines and other high-tech medical equipment and medical products and incurring requisite start-up costs associated with the provision of medical services relating to the HIFU machine and other high-tech

medical equipment relating to brand establishment, intellectual property registration, equipment installation and provision of professional medical training (collectively the “**HEALTHCARE Project**”), and the establishment of a manufacturing facility by the JV Company as announced by the Company on 9 June 2020 and 4 October 2020 respectively. The gains from the Proposed Disposal is expected to provide the Group additional capital and funds to grow and expand the Group’s New Business, in particular, in the HEALTHCARE Project and Childcare Wellness Education Division

- (c) The Company had previously announced on 9 June 2020 that the Group intended to use the Property for the purposes of the HEALTHCARE Project. However, further to discussions the management had with medical professionals, the Company understands that the Property was not suitable and did not satisfy the relevant requirements expected of a site that is to be used for the manufacturing of such HIFU machines and medical equipment. Given that the Property is unable to serve the intended purposes for the HEALTHCARE Project and the Group has no other intended use for the Property, the Board is of the view that the Proposed Disposal would be in the best interests of the Group.

## 5. RELATIVE FIGURES UNDER RULE 1006

- 5.1 The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Disposal and based on the unaudited consolidated financial statements of the Group for HY2020 (being the latest announced consolidated accounts of the Group) are set out below.

| Catalist Rule  | Relative Figures (%)  |
|--|---|
| <b>Rule 1006(a)</b><br>The net asset value of the assets to be disposed of, compared with the Group’s net asset value.   | 114.8 <sup>(1)</sup>  |
| <b>Rule 1006(b)</b><br>The net profits attributable to the assets disposed of, compared with Group’s net profits/loss <sup>(2)</sup>   | (211.1) <sup>(3)</sup>  |
| <b>Rule 1006(c)</b><br>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   | 67.0 <sup>(4)</sup>   |
| <b>Rule 1006(d)</b><br>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 as the Company is disposing of a property            |
| <b>Rule 1006(e)</b><br>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 as the Company is not a mineral, oil and gas company |

**Notes:**

- (1) The relative figure is computed based on the net asset value of the Property of S\$7,792,000 as compared to the net asset value of the Group of approximately S\$6,789,000 as at 30 June 2020.
- (2) For the purpose of computation of the net profit figures, in compliance with Rule 1002(3)(b) of the Catalist Rules, “**net profit**” means profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) The relative figure is computed based on the net profit attributable to the Property of approximately S\$1,708,000 as compared to the net loss of the Group of approximately (S\$809,000) as at 30 June 2020.
- (4) The relative figure is computed based on the Consideration of S\$9,500,000 as compared to the market capitalisation of the Company of approximately S\$14,170,239.

The Company’s market capitalisation is approximately S\$14,170,239 derived by multiplying the issued share capital of the Company of 745,802,074 Shares by the volume weighted average price of such Shares transacted on 16 October 2020 (being the last full market day immediately preceding the date of the Option on which Shares were traded) of S\$0.0190 per Share. The Company does not have any treasury shares.

- 5.2** Based on the relative figures in respect of the Proposed Disposal as computed on the relevant bases set out in Rule 1006 of the Catalist Rules, the Proposed Disposal is classified as a “major transaction” in accordance with Rule 1014(1)(b) (read with paragraph 4.6 of Practice Note 10A) of the Catalist Rules, and is therefore subject to Shareholders’ approval. Accordingly, the grant of the Option, and, if the Purchaser validly exercises the Option in the prescribed manner provided therein, the completion of the sale and purchase of the Property shall be subject to the Company having obtained the relevant Shareholders’ approval. In the event, that the relevant Shareholders’ approval is not obtained, the Option shall be deemed to be null and void and the Company will be required to return the Deposit to the Purchaser (without any interests or deductions). For further details, please refer to paragraph 3.4 above of this announcement.

**6. FINANCIAL EFFECTS****6.1 Bases and Assumptions**

The financial effects of the Proposed Disposal on the share capital, net tangible assets (“**NTA**”) per Share and earnings per Share (“**EPS**”) of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (being the most recently completed financial year).

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 2019, being the end of the most recently completed financial year;
- (b) the financial effects on the Group’s earnings attributable to the Shareholders and EPS have been computed assuming that the Proposed Disposal was completed on 1 January 2019, being the beginning of the most recently completed financial year; and
- (c) that the expenses in connection with the Proposed Disposal have been disregarded.

Please note that the financial figures are for illustrative purpose only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company or Group following completion of the Proposed Disposal.

## 6.2 Share Capital

|  | Before Completion | After Completion |
|--|-------------------|------------------|
| Number of Shares                           | 668,266,667       | 668,266,667      |
| Issued and paid-up share capital (S\$'000) | 38,530            | 38,530           |

## 6.3 NTA per Share

|  | Before Completion | After Completion |
|--|-------------------|------------------|
| NTA attributable to Shareholders (S\$'000)                   | 5,504             | 7,144            |
| Number of Shares   | 668,266,667       | 668,266,667      |
| NTA per Share attributable to Shareholders (Singapore cents) | 0.824             | 1.069            |

## 6.4 LPS/EPS

|   | Before Completion | After Completion |
|---|-------------------|------------------|
| (Loss)/ Net profit attributable to Shareholders (S\$'000) | (955)             | 1,205            |
| Weighted average number of Shares                         | 668,266,667       | 668,266,667      |
| (LPS)/EPS (Singapore cents)                               | (0.143)           | 0.183            |

## 7. NOT A CASH COMPANY

The Board has considered, and is of the view, that the completion of the Proposed Disposal should not result in the Company becoming a cash company under Rule 1017 of the Catalyst Rules for the reasons set out below.

- 7.1 Currently, the Company earns rental income from the Property from only one (1) tenant. The monthly rental income is approximately S\$25,000 but the cost incurred for land lease, property tax, insurance and other miscellaneous is approximately S\$35,000. While the disposal of the Property would mean that the Company will cease its existing rental business, Shareholders should note that the Company is also disposing a loss-making asset which is in the best interests of the Shareholders.

Whilst the completion of the Proposed Disposal may result in the cessation of the Group's property rental business, it is envisaged that upon such completion, the Group will still have subsidiaries, operating businesses and generating revenue from its New Business for which the Company had received shareholders' approval on 1 April 2020 for diversification of its business to include business in the health industry. Such operating businesses will include:

- (a) the Group's childcare wellness education business which is undertaken via its 100% subsidiary, Discovery Kidz Preschool Pte. Ltd. ("**Discovery Kidz**"). In line with the Group's plan to diversify and expand into this new business segment, the Group has entered into collaborative agreements with two (2) early childhood education experts and one early childhood education partner, as well as formed a partnership with Yale New Haven Hospital Day Care Center. The Group's childcare wellness education business is also currently earning a revenue of approximately S\$44,000 a month. The Group is set to grow through acquisition after having experienced success through the

acquisition of Discovery Kidz, which has shown strong performance since coming under the fold of the Group; and

- (b) the Group's healthcare investment business undertaken principally by the Company's 100% subsidiary, AJJ Health Care Management Pte. Ltd. (“**AJJ**”). AJJ has acquired 51% interests in Shanghai Longjian Hospital Management Co., Ltd. and has entered into a joint venture with Shanghai Suntec Co., Ltd. (via joint venture company HIFU Suntec Pte. Ltd.). In addition, AJJ has received the relevant certification from HSA to allow it to be engaged in the import, storage, distribution of, among others, electro mechanical medical devices. The Company has plans to further expand this particular business segment. The Group intends to bring the HIFU high-tech technology to Singapore and the goal of the Group is to build a Pan-Asian High-Tech Healthcare Company as its core business.

As such, upon completion of the Proposed Disposal, the Group will continue to have operating businesses (being the new businesses), and barring any unforeseen circumstances, the Company expects such new businesses to generate additional operating revenue, providing the Group with an income stream.

- 7.2** The Board is of the view that the disposal of a fixed asset property by the Company is not in contradiction of the intent and spirit of Rule 1017 which, would be more applicable to companies that will have no material operating business after the completion of a disposal transaction, which is not the case here.

## **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save for the Directors' and substantial Shareholders' shareholding interests and / or directorships in the Company (if any and as the case may be) and save as disclosed below, none of the Directors or, as far as the Company is aware, substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal.

The Company has appointed Kennedys Legal Solutions Pte Ltd (“**KLS**”) as its solicitors to advise on the Proposed Disposal. Mr. Chong Eng Wee, an Independent and Non-Executive Director of the Company, is also one of the partners at KLS acting for the Company on the Proposed Disposal. Accordingly, in the interests of good corporate governance, Mr. Chong Eng Wee has abstained on all deliberations and discussions by the Directors pertaining to the Company's appointment of solicitors for the Proposed Disposal.

## **9. SERVICE AGREEMENTS**

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. Accordingly, no service agreements will be entered into with any new director of the Company in connection with the Proposed Disposal.

## **10. EGM AND CIRCULAR**

The Company will convene the EGM to seek the relevant approvals of the Shareholders for the Proposed Disposal and a circular (the “**Circular**”) containing, *inter alia*, details thereof, and enclosing the Valuation Report and notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

The Company will make further announcements in the event that there are any material developments in connection with the Proposed Disposal.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Option and Valuation Report will be available for inspection during normal business hours at the Company's registered office at 8 Temasek Boulevard #23-02 Suntec Tower Three, Singapore 038988 for a period of three (3) months from the date of this announcement.



## 12. 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.

## 13. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that no changes will be made to the terms of the Option or that the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Zhao Xin  
Chief Executive Officer and Executive Director

19 October 2020

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This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**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.

The details of the contact person for the Sponsor are:-

Name: Mr Shervyn Essex (Registered Professional, RHT Capital Pte. Ltd.)  
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619  
Tel: 6381 6966