

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

PROPOSED ACQUISITION OF 70% OF THE SHARES IN THE ISSUED AND PAID-UP CAPITAL OF QUEST ASIA TECHNOLOGIES PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of OEL (Holdings) Limited (the “**Company**” and together with its other subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary, AJJ Healthcare Management Pte. Ltd. (the “**Purchaser**”), has on 16 June 2023 entered into a definitive sale and purchase agreement (the “**SPA**”) with Chua June Gay and Wang Limei (collectively, the “**Vendors**”, and the Vendors and the Purchaser collectively, the “**Parties**” and each or any of them a “**Party**”), being the shareholders of Quest Asia Technologies Pte. Ltd. (the “**Target Company**”), for the acquisition of 70% of the shareholding interests (the “**Sale Shares**”) in the Target Company (the “**Proposed Acquisition**”).

Following completion of the Proposed Acquisition (“**Completion**”), the Purchaser will hold 70% of the shareholding interests in the Target Company, and the Target Company will become an indirect subsidiary of the Company.

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

2. INFORMATION ON THE TARGET COMPANY, THE VENDORS AND THE SALE SHARES

Information on the Vendors and Target Company was provided by the Vendors and the Target Company respectively and/or extracted from publicly available sources and not all information has been independently verified by the Purchaser or the Company as at the time of release of this announcement.

2.1 The Target Company

2.1.1 The Target Company is a private company limited by shares incorporated in Singapore on 26 May 2017. The Target Company has an existing issued and paid-up capital of S\$500,000 represented by 500,000 ordinary shares, which are entirely held by the Vendors.

2.1.2 The Target Company is in the business of wholesale of medical, professional, scientific and precision diagnostic equipment with a goal to offer innovative products and solutions to healthcare professionals. As at the date of this announcement, the Target Company does not have any subsidiaries or associated companies.

2.2 The Vendors

2.2.1 The Vendors are entrepreneurs with experience in the medical diagnostic imaging equipment industry. The Vendors are also business acquaintances of the Purchaser, with the Target Company being a distributor of certain medical devices sold by the Purchaser. As at the date of this announcement, the Vendors are the legal and beneficial owners of the entire issued

share capital of the Target Company (with their respective shareholdings in the Target Company set out below).

- 2.2.2 Save as disclosed above, the Vendors do not have any connection (including business relationship or dealings) with the Company, its Directors and (as far as the Company is aware) any substantial shareholders of the Company (the “**Shareholders**”). As at the date of this announcement, the Vendors do not have any interest, direct or indirect, in the shares of the Company.

2.3 The Sale Shares

2.3.1 Number of Sale Shares

The Sale Shares comprise 350,000 ordinary shares in the Target Company and represent 70% of the entire issued share capital of the Target Company. The Sale Shares are entirely held by the Vendors. The number of shares in the Target Company to be purchased by the Purchaser from each Vendor is set out below.

Name	No. of Sale Shares	Percentage of issued share capital of Target Company (%)
Chua June Gay (“ CJG ”)	260,750	52.15
Wang Limei	89,250	17.85
Total	350,000	70.0

Details of the shareholding structure of the Target Company as at the date of this announcement and following Completion is set out in the table below.

Name	As at the date of this announcement		Completion	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
CJG	372,500	74.50	111,750	22.35
Wang Limei	127,500	25.50	38,250	7.65
Purchaser	-	-	350,000	70.00
Total	500,000	100.00	500,000	100.00

Notes:

- (1) Refers to the number of shares in the Target Company held expressed as a percentage of the total number of issued shares in the share capital of the Target Company as at the date of this announcement.
- (2) Refers to the number of shares in the Target Company held expressed as a percentage of the total number of issued shares in the share capital of the Target Company following Completion.

2.3.2 Net Profit

Based on the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements of the Target Company for the financial year ended 31 December 2022, the Target Company has a normalised¹ net profit before tax of approximately S\$111,144 and the normalised net profit before tax attributable to

¹ Normalised amounts indicated here and elsewhere in this announcement refer to estimate amounts based on information made available to the independent professional engaged to conduct financial due diligence on the Target Company and with appropriate adjustments deemed suitable by the independent professional. For avoidance of doubt, the independent professional engaged to conduct such financial due diligence did not audit or compile such financial information of the Target Company provided to them.

the Sale Shares was approximately S\$77,801.

2.3.3 Asset Value

Based on the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements of the Target Company for the financial year ended 31 December 2022, the normalised book value and normalised net tangible asset value of the Target Company are both approximately S\$535,281. Based on the foregoing, the normalised book value and normalised net tangible asset value attributable to the Sale Shares for that financial year are both approximately S\$374,697.

2.3.4 Valuation

There is no open market value of the Sale Shares as they are not publicly traded and no valuation has been commissioned with respect to the Target Company and the Sale Shares.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Group currently operates in two primary business segments, all of which operate in Singapore: (a) provision of services in childcare education and wellness; and (b) provision of healthcare equipment/ products and services (the “**Healthcare Business**”).

The Healthcare Business is currently primarily undertaken by the Group through the Purchaser, such business focusing on high-tech medical devices and products of superior quality. Taking into consideration the Target Company’s business, which involves, among others, the sale and distribution of medical equipment in Singapore and potentially other ASEAN countries, the Proposed Acquisition presents a good opportunity for the Group to broaden the range of healthcare equipment/ products currently offered under the Healthcare Business, particularly through the addition of medical diagnostics imaging equipment, which in the Group’s view is the fastest growing market in Singapore, to grow and diversify the Group’s revenue stream.

The Target Company also has extensive networks and contacts with various customers and/or suppliers. In particular, CJG, who is one of the Vendors and the sole director of the Target Company, has over 35 years of experience in the medical equipment industry, including operating within the Southeast Asian region. CJG will remain as a director of the Target Company following Completion. Accordingly, the Board expects that the Purchaser will be able to leverage on Mr Chua’s and the Target Company’s expertise and benefit from access to a wider customer and/or supply base for the supply, sale and distribution of the products carried by the Purchaser following Completion. In view of the foregoing, the Board is of the view that the Proposed Acquisition may create business synergies to enhance the capabilities and resources available to the enlarged Group for its Healthcare Business and represents a strategic move in line with the Group’s objective and corporate strategy and plans of building a pan-asian high-tech healthcare company.

4. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

4.1 **The Proposed Acquisition**

Subject to the terms and conditions of the SPA, the Purchaser shall purchase from the Vendors, and the Vendors agree to sell to the Purchaser, the Sale Shares, which represent 70% of the Target Company’s entire issued and paid-up share capital.

4.2 **Consideration**

4.2.1 Consideration

The consideration for the Proposed Acquisition (the “**Consideration**”) is S\$450,000.

4.2.2 Manner of Satisfaction

The Purchaser shall pay the Consideration entirely in cash in **3** tranches to the Vendors in the following manner:

- (a) the Purchaser shall pay the amount of S\$50,000 (the “**Tranche 1 Consideration**”) to the Vendors on the date of the signing of the SPA;
- (b) the Purchaser shall pay to the Vendors the amount of S\$200,000, less any amount permitted to be set-off, deducted or retained under the SPA, (such amount being the “**Tranche 2 Consideration**”) on 31 December 2023; and
- (c) the Purchaser shall pay to the Vendors the amount of S\$200,000, less any amount permitted to be set-off, deducted or retained under the SPA, (such amount being the “**Tranche 3 Consideration**”) on 31 December 2024.

For the avoidance of doubt, the amount to be paid by the Purchaser to each Vendor in respect of the Tranche 1 Consideration, Tranche 2 Consideration and Tranche 3 Consideration shall be in proportion to each Vendor’s respective portion of the Sale Shares.

4.2.3 Basis for Consideration

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendors and on a “willing-buyer willing-seller” basis after taking into consideration the following factors:

- (a) the normalised book value of the Target Company and the normalised book value attributable to the Sale Shares based on the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements as at 31 December 2022 of approximately S\$535,281 and S\$374,697 respectively;
- (b) the normalised net profit after tax of the Target Company and the normalised net profit after tax attributable to the Sale Shares based on the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements for the financial year ended 31 December 2022 of approximately S\$99,803 and S\$69,862 respectively;
- (c) the rationale for and benefits to the Group arising from undertaking the Proposed Acquisition as described in paragraph 3; and
- (d) the normalised cash of approximately S\$238,636 as at 31 December 2022 in the Target Company’s bank accounts.

4.3 **Conditions Precedent**

Completion of the Proposed Acquisition is conditional upon, among others, the following conditions having been fulfilled (each a “**Condition Precedent**”):

- (a) all third party approvals, consents and notices as may be required for or in connection with the Proposed Acquisition and the transactions contemplated in the SPA have been obtained from all relevant parties and governmental bodies and are not withdrawn/revoked, and where any such approval and consent are obtained subject to any condition(s), such condition(s) being acceptable to the Purchaser and, if such condition(s) is/are required to be fulfilled before Completion, such conditions being fulfilled before Completion;

- (b) each of the representations and warranties of the Purchaser and the Vendors made pursuant to the SPA remaining true, complete, accurate and not misleading at all times from the date of the SPA;
- (c) the Proposed Acquisition and any transaction contemplated under the SPA not being prohibited by any applicable laws promulgated or issued after the date of the SPA, which is applicable to any Party;
- (d) the Purchaser being satisfied in its discretion that there has been no material adverse change in, and there are no events, change, acts or omissions that has happened or is likely to happen which would have or could reasonably be expected to have, a material adverse effect on, the Target Company's business, assets, prospects, performance, financial position, results of operations and/or conditions (financial or otherwise), or the ability of the Vendors to perform the Vendors' obligations under the SPA;
- (e) the Purchaser and its advisers having completed business and operational, financial and legal due diligence on the Target Company and the results of such due diligence investigations being satisfactory to the Purchaser and its advisers in their sole and absolute discretion. In this regard, the Company has engaged legal advisors to conduct limited legal due diligence on the Target Company and an independent professional to conduct financial due diligence on the Target Company;
- (f) the Vendors having rectified, or having procured that the Target Company rectifies, to the Purchaser's satisfaction, all issues, irregularities and any other matter uncovered by the Purchaser and its advisers during the business and operational, financial and legal due diligence on the Target Company;
- (g) the Purchaser having received confirmations from the relevant parties of their agreement to the form of (i) the Service Agreement to be entered into by the Target Company and CJG, the current sole director of the Target Company, and (ii) the Shareholders' Agreement to be entered into by, among others, the Purchaser and the Vendors in respect of their shareholdings in the Target Company, with each such agreement to be effective upon Completion. Further details on these agreements are set out in paragraph 4.7 below; and
- (h) the Purchaser having received evidence to its satisfaction that the Target Company has a total cash balance of at least S\$100,000 in the bank account(s) held by, and in the name of, the Target Company, such amount freely available and retained in such bank account(s) (and not subject to any encumbrances).

4.4 Completion

Completion of the Proposed Acquisition shall take place on or within **14** days after the fulfilment or waiver of the last Condition Precedent, or such other date as Parties may agree in writing.

4.5 Long Stop Date

The Parties have agreed that the long stop date for the Completion of the Proposed Acquisition shall be **6** months from the date of the SPA or such other date as the Parties may mutually agree in writing.

4.6 Source of Funds

The Consideration for the Proposed Acquisition will be funded by way of internal resources of the Group and/or external borrowings.

4.7 Shareholders' Agreement and Service Agreement

The current sole director of the Target Company, CJG, and the Target Company shall on Completion enter into a service agreement in respect of CJG's appointment as a director of the Target Company and the services to be provided by CJG to the Target Company in respect thereof (the "**Service Agreement**"). The Service Agreement will provide for, among others, CJG's obligations and duties in respect of his appointment and the term of such appointment.

In addition, the Purchaser, the Vendors and the Target Company shall on Completion enter into a shareholders' agreement to, among others, govern the shareholders' respective rights and obligations relating to the Target Company (the "**Shareholders' Agreement**").

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1 Relative Figures

Based on the audited consolidated 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) and the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements of the Target Company for the 12-month financial period ended 31 December 2022, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(b) and (c) of the Catalist Rules are set out in the table below.

Rule	Base	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
1006(b)	The net profits or net loss attributable to the assets acquired, compared with Group's net profits or net loss ⁽¹⁾	-1.72% ⁽²⁾
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	8.03% ⁽³⁾
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
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

Notes:

- (1) 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.
- (2) The relative figure computed on the basis in Rule 1006(b) in respect of the Proposed Acquisition is derived by computing (a) the normalised net profit of approximately S\$77,801 attributable to the Sale Shares based on 70% of the Target Company's normalised net profit of S\$111,144 based on the report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements of the Target Company for the 12-month financial period ended 31 December 2022, and (b) the Group's net loss of S\$4.523 million for FY2022.
- (3) The relative figure computed on the basis of Rule 1006(c) in respect of the Proposed Acquisition is derived by computing (a) the value of the Consideration for the Proposed Acquisition of S\$450,000, 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 VWAP of S\$0.006 per share on 13 June 2023, being the last full market day preceding the date of the SPA on which shares of the Company were traded. The Company does not have any treasury shares.

5.2 The Proposed Acquisition as a discloseable transaction

- 5.2.1 As the Group is loss-making, the computation of the relative figure in Rule 1006(b) above involves a negative figure. 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**"). Based on the relative figures above, as the transaction does not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10A, in particular paragraphs 4.3(b) and 4.4(b) which relates to the acquisition of a profitable asset by a loss-making issuer, Rule 1014 of the Catalist Rules shall apply to the transaction.
- 5.2.2 Notwithstanding the foregoing, the Company, through its sponsor, consulted the SGX-ST on the applicability of Rule 1014 in respect of the Proposed Acquisition. In this regard, the Company understands from its sponsor that SGX-ST has informed that Rule 1014 will not apply and that the Proposed Acquisition will only be deemed as a discloseable transaction. Accordingly, the Proposed Acquisition will not be subject to the specific approval of Shareholders.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Bases and Assumptions

- 6.1.1 The financial effects of the Proposed Acquisition 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) report issued by the appointed professional in respect of the financial due diligence conducted on the unaudited financial statements of the Target Company for the 12-month financial period ended 31 December 2022. The *pro forma* financial effects of the Proposed Acquisition are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following Completion.
- 6.1.2 For illustration purposes only, the financial effects of the Proposed Acquisition 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 Acquisition 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 Proposed Acquisition was completed on 1 January 2022, being the beginning of the most recently completed financial year;
 - (c) any costs and expenses in connection with the Proposed Acquisition have been disregarded; and
 - (d) any financial effect on the LPS and NTA of the Group arising out of or in connection with the proposed disposal of 100% of the shares in the entire issued share capital of Discovery Kidz Preschool Pte. Ltd. (the "**Proposed Disposal**") announced by the Company on 12 May 2023 has 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 Acquisition 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	1,551,605
Number of Shares	933,802,074	933,802,074
Consolidated NTA per share attributable to Shareholders (Singapore cents)	0.13	0.17

6.4 LPS

The financial effects of the Proposed Acquisition 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	4,170,230
Weighted average number of issued shares (excluding treasury shares)	933,802,074	933,802,074
Consolidated LPS (Singapore cents)	0.45	0.45

7. DIRECTOR'S SERVICE CONTRACT

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

However, the current sole director of the Target Company, CJG, will remain as a director of the Target Company following Completion and will be entering into the Service Agreement with the Target Company in respect of his appointment as a director of the Target Company. Further information on the Service Agreement is set out in paragraph 4.7 above.

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), 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 Acquisition.

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 Acquisition, 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 is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition 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 Acquisition.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection by shareholders of the Company at the Company's registered office at 8 Commonwealth Lane, #02-04 Grande Building, 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

16 June 2023

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

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. Jerry Chua (Registered Professional, Evolve Capital Advisory Private Limited)

Address : 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906

Tel : (65) 6381 6966