

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

**RESPONSE TO QUESTIONS RECEIVED FROM
THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)
IN RELATION TO THE ANNUAL REPORT 2019**

The Board of Directors (“**Board**”) of OEL (Holdings) Limited (“**Company**”) and together with its subsidiaries, “**Group**”) would like to provide the following information in response to questions raised by Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s Annual Report for the financial year ended 31 December 2019.

SIAS’s Questions

Question 1:

On 9 June 2020, the company announced that it had entered into a Joint Venture Agreement with Shanghai Suntec Co., Ltd. for the incorporation of a joint venture company in Singapore relating to the manufacturing and distribution of High-Intensity Focused Ultrasound (“HIFU”) machines and other services.

An extract of the announcement dated 9 June 2020 is reproduced below:

Singapore, 9 June 2020 – Singapore Exchange-Listed OEL (Holdings) Limited (“**OEL**”) has entered into a Joint Venture Agreement (the “**JVA**”) with Shanghai Suntec Co., Ltd. (上海新地实业有限公司) (“**Shanghai Suntec**”) for the incorporation of a joint venture company in Singapore (“**JV Company**”) for the manufacturing and distribution of High-Intensity Focused Ultrasound (“**HIFU**”) machines entire end-to-end industrial chain of R&D, manufacturing and installation, medical services and equipment after-sales service, the HIFU-2001 High-Intensity Focused Ultrasound tumour treatment system will be launched soon.

(Source: company announcement dated 9 June 2020)

(i) Would the company clarify its contribution and value-add to the joint venture?

Company’s Response:

As announced by the Company on 9 June 2020, under the JVA, the Company and Shanghai Suntec Co., Ltd. (“**Shanghai Suntec**”) will jointly carry out business activities in relation to the manufacturing and production of HIFU machines and providing services relating to the HIFU machine such as brand establishment, intellectual property registration, equipment installation, debugging and after-sales service, professional medical training, remote operation guidance, etc.

Shanghai Suntec will be involved in the manufacturing and distribution of HIFU machines, and the Company will be providing the services relating to the HIFU machine through its subsidiary, Shanghai Longjian Hospital Management Co., Ltd.'s ("**Shanghai Longjian**"). Shanghai Longjian would be providing medical services relating to the HIFU machines such as medical training, remote surgery guidance, material acquisitions and other services.

- (ii) As the HIFU machine appears to be a medical equipment, would this require the approval and registration of the Health Sciences Authority? If this is only for export, would the company also require a manufacturer's licence to manufacture it in Singapore?**

Company's Response:

The Company is currently applying all the required licenses and approvals from the Health Sciences Authority and the National Environment Agency. The Company will keep shareholders updated in due course.

If the equipment is to be deployed in Singapore as part of the group's business plan, has the company verified that the use of High-Intensity Focused Ultrasound treatment is approved in Singapore?

Company's Response:

Similar HIFU technology has been approved and used in Singapore. For example, Farrer Park Hospital has also been using HIFU for the treatment of uterine fibroids.

As such, the Company believes that the HIFU-2001 machine which the JV Company intends to manufacture and produce first will also be approved by the relevant authorities.

- (iii) Will the joint venture be obtaining product liability insurance coverage?**

Company's Response:

The Company will be obtaining product liability insurance coverage and are in the process of purchasing it.

Question 2:

On 1 March 2020, the company entered into a Sale and Purchase Agreement with a seller to acquire 100% of the issued and paid-up share capital of a company operating a preschool in Singapore, namely Discovery Kidz Preschool Pte. Ltd. The aggregate consideration payable by the company for the proposed acquisition is \$416,000.

- (i) Can the company elaborate further on the strategic plans for the group's new preschool/education business?**

Company's Response:

The Company intends to develop its own Intellectual Property (IP) to improve each child's overall quality of life. The Company is looking to first introduce the IP in its preschools in Singapore. The Company is targeting to own 5 local preschools in the next 2 years.

Eventually, the Company intends to develop and expand its IP to other countries. The Company will be looking to create its own preschool education brand which includes its own proprietary teaching materials, teaching methods and child dietary plans which will be licensed to preschools neighboring countries such as China and Indonesia.

The Company will be using a new brand name "ESÖ" to be used for all for the Group's Health Child Care Education division going forward.

"ESÖ" is derived from a Latin word meaning "inner or within internal of a man, soul or its conscience". It is envisioned that our "ESÖ" brand would instill our education values of building deep knowledge and searching for a deeper understanding of our world. Our education is western influenced with an open structure to bring world class education to children.

Lastly, the Company will be setting up preschools in other countries in the form of a joint venture or a licensing model.

The Company shall update the shareholders on this as and when there are any material developments.

In addition, as at 31 December 2019, the group and the company have net current liabilities of S\$2,332,000 and S\$2,327,000 respectively. The current liabilities include bank loans of S\$1,050,000 (2018: S\$1,150,000).

- (ii) How does the group intend to fund the proposed acquisition? The group reported cash and bank balances of \$3,000 as at 31 December 2019 and it appears that the group has suspended its placement at the end of May.**

Company's Response:

The Company has announced the partial completion of its share placement on 12 May 2020. In addition, the Company has also announced the completion of the acquisition of the Discovery Kidz Preschool Pte. Ltd. on 21 June 2020. Please refer to the announcement released on 21 June 2020 in SGXNet for more details.

(iii) Has the group re-evaluated the business model of a preschool given that the current pandemic?

Company's Response:

The Company had re-evaluated the business model of a preschool given the current pandemic and believes that the business model is still sustainable.

Question 3:

In January/February 2020, the company announced several new directors to the board, namely:

- **Ms Zhao Xin, appointed on 20 January 2020**
- **Mr Yap Koon Loong, appointed on 27 February 2020**
- **Ms Wang Jue, appointed on 27 February 2020**

The three directors have stated that they had no prior experience as a director of an issuer listed on the SGX-ST. The company has stated that the directors will be attending training courses to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

(i) Can the company update shareholders on the training that the directors have attended since their appointment?

Company's Response:

The directors have completed the necessary training courses organised by the Singapore Institute of Directors (“**SID**”) and as part of professional development, they will continue to attend more courses in due course.

In 2013, Mr Zhang Jian was appointed to the board of Libra on 18 November 2013 and resigned from the board with effect from 18 February 2014. It would appear that the prior experience of Mr Zhang Jian was his 3-month stint on the board of Libra.

- (ii) As it does not appear that Mr Zhang Jian received training prior to his appointment as a director at Libra, would the company be sending Mr Zhang Jian to training prescribed by SGX-ST for newly appointed directors?**

Company's Response:

Dr Zhang Jian will be attending the necessary training courses conducted by the SID which is scheduled in October 2020.

Given that the majority of the directors do not have experience as a director, can the board help shareholders understand if the board is well equipped to lead the company?

Company's Response:

Although the majority of the directors do not have prior experience as a director of a public listed company, each director has extensive experiences and expertise in their respective area of expertise:

- Dr Zhang Jian, the Executive Chairman, has over 30 years of extensive corporate management experience and leadership positions. Covering the entire industry value chain of investment banking, real estate (city planning, commercial and medical), internet plus, life sciences among many others. He has valuable experience including but not limited to strategy planning and management, change management, corporate/project funding, assets management and allocation and project development. Dr Zhang is also currently the CEO of Eminence Investment.
- Ms Zhao Xin, the Chief Executive Officer and Executive Director of the Company was working in an investment firm which was primarily focused on investments in the medical & biomedical industry. Based on her prior experience in the financial investment space, Ms Zhao has valuable insight in the financial, healthcare, medical, childcare, commodities and tourism industries.
- Ms Wang Jue, the Executive Director, has more than 15 years of experience in merger and acquisition and in the media industry. With her experience as a business owner, she holds expertise in areas ranging from business administration to business development, marketing and execution of recruiting and training staff. She is also well versed in the knowledge and skills in all facets of branding, including brand management, brand development, brand architecture, business matching and digital marketing.
- Mr Lam Kwong Fai, the Lead Independent Director has amassed over 10 years of experience in the Singapore corporate finance scene. He was a Chief Executive Officer of Crowe Horwath Capital Pte. Ltd., a corporate finance advisory firm providing corporate governance advisory,

financial advisory for equity and debt fundraising, financial advisory for corporate actions and independent financial advisory opinions. Prior to that, Mr Lam was working in a company carrying out continuing sponsor advisory, with a wide portfolio of companies listed in SGX Catalist, advising and providing guidance on the listing rules and corporate governance.

- Mr Yap Koon Loong, the Independent Director and Chairman of Audit Committee, has more than 15 years of experience in accounting, financial and corporate matters and has held senior financial positions in several listed companies, including companies listed in the SGX.

In addition, the Company is actively looking for an additional independent director.

In view of the above, the Board is of the view that it has the appropriate level of independence, diversity and expertise in its composition to enable it to make decisions in the best interests of the Company and be well equipped to lead the Company's business and operations.

By Order of the Board

Zhao Xin
Chief Executive Officer and Executive Director

24 June 2020

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:

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