OEL (HOLDINGS) LIMITED
(Co. Reg. No: 198403368H)
(Incorporated in Singapore)

EMPHASIS OF MATTERS BY THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Directors of OEL (Holdings) Limited (the "**Company**") wish to announce that the Company's Independent Auditors, Messrs Deloitte & Touche LLP, have included an "emphasis of matter" in their Independent Auditors' Report in respect of the Company's financial statements for the year ended 31 December 2013 (the "**Financial Statements**").

The emphasis of matter included by Deloitte & Touche LLP does not constitute a modified opinion to the Financial Statements.

A copy of the Independent Auditors' Report together with the extract of the relevant notes to the Financial Statements are attached hereto for information.

By Order of the Board

Derick Lim Chien Joo
Group Financial Controller / Company Secretary

2 April 2014

*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.

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

Name : Mr Tan Chong Huat (Registered Professional, RHT Capital Pte. Ltd.)
Address : Six Battery Road, #10-01, Singapore 049909
Tel : (65) 6381 6757

Independent Auditors' Report

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED
(formerly known as Oakwell Engineering Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of OEL (Holdings) Limited (formerly known as Oakwell Engineering Limited) (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 84.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED
(formerly known as Oakwell Engineering Limited)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2013 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to the following matter in the notes to the financial statements concerning significant judgements, including the use of estimates.

In 2013, the Group's shipyard operations incurred a loss of $22.5 million and have total assets of $49.0 million as at December 31, 2013. Details are set out in Note 3I(a) and Note 3II(a) to the financial statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: March 31, 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) *Critical judgements in applying the entity's accounting policies*

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(I) *Critical judgements in applying the entity's accounting policies (cont'd)*

(a) Shipyard operations

Since 2006, the Group incurred losses for its shipyard operations due to high start-up costs, project delay and cancellation.

In 2013, the Group's shipyard operations incurred a loss of $22.5 million (2012: $40.1 million) and has total assets of $49.0 million (2012: $59.7 million) as at December 31, 2013. The Group has implemented a right-sizing exercise for the shipyard operations and continues to explore various options including repairs, outsourcing and other services to improve the results of the shipyard operations. Management is confident that the shipyard operations remain viable.

(II) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Shipyard operations

In 2013, the Group's shipyard operations incurred a loss of $22.5 million (2012: $40.1 million) and has total assets of $49.0 million (2012: $59.7 million) as at December 31, 2013.

In complying with FRS 36, management has reviewed the carrying amount of its shipyard assets to determine whether those assets have suffered an impairment loss taking into account the recoverable amount of the shipyard operations assets. In this regard, the management is satisfied that no impairment is required. The carrying amount of shipyard assets at the end of the reporting period is disclosed in Note 44.

(b) Allowance for foreseeable losses

In estimating foreseeable losses on contracts-in-progress, management evaluates the status of each project and estimates the cost required to complete the work and recoverable amounts, taken into consideration on-going arbitration proceedings as disclosed in Note 42. Management estimated allowance for foreseeable losses of $6,000,000 (2012: $10,646,000) at December 31, 2013 as disclosed in Note 10.

(c) Allowances for bad and doubtful debts

The policy for allowances for bad and doubtful debts of the Group and the Company is based on the evaluation of collectibility and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Notes 8 and 9 respectively.