

OEL (HOLDINGS) LIMITED

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

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of OEL (Holdings) Limited (the “**Company**”) wishes to announce that its independent external auditor, PKF-CAP LLP, has included an emphasis of matter in respect of the material uncertainty related to going concern in their report (the “**Independent Auditor’s Report**”) on the audited financial statements of the Group for the financial year ended 31 December 2018 (“**FY2018**”) (the “**Audited Financial Statements**”).

A copy of the Independent Auditor’s Report, together with the extract of Note 1.1 to the Audited Financial Statements, is annexed to the announcement for information.

The Auditor’s opinion is not modified in respect of this emphasis of matter.

The Independent Auditor’s Report and the Audited Financial Statements will form part of the Company’s annual report for FY2018 (the “**FY2018 Annual Report**”) which will be despatched to the shareholders of the Company (the “**Shareholders**”) in due course.

The Audited Financial Statements have been prepared on a going concern on the basis that the bank will be supportive of the Group and the Company continuing in business. In addition, a Director who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and the Company to enable them to continue their operations as going concerns and to meet their liabilities as and when these are due for payments within the next 12 months from the date of approval of the Audited Financial Statements by the Directors.

The Board is of the opinion that with the continuing financial support from a Director, who is also a controlling shareholder, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board confirms that sufficient information has been disclosed for the trading of the Company’s securities to continue in an orderly manner. The Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Shareholders are advised to read the Independent Auditor’s Report and the FY2018 Annual Report in their entirety and to read this announcement in conjunction with the Independent Auditor’s Report and the FY2018 Annual Report.

By Order of the Board

Tan Ching Chek
Company Secretary
22 March 2019

*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 Shervyn Essex (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6757

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED****Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 43.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.1 to these financial statements. As at 31 December 2018, the Group and the Company have net current liabilities of S\$1,536,000 and S\$1,532,000 (2017: S\$1,285,000 and S\$1,283,000) respectively. The Group incurred a loss of S\$519,000 (2017: S\$405,000) during the year. The current liabilities include bank loans of S\$1,150,000 (2017: S\$1,000,000) which are contractually due within 12 months from the end of the reporting period. The Group also had a net operating cash outflow of S\$463,000 (2017: S\$4,000) for the financial year ended 31 December 2018. The Group and the Company are dependent on the bank's continued support to continue in business. As at 31 December 2018, the Group and the Company had available S\$1,850,000 (2017: S\$2,000,000) of undrawn committed borrowing facilities in respect of which the condition precedent had been met. The facilities are secured by the Group's and the Company's leasehold building which is carried at its revalued amount of S\$8,300,000 (2017: S\$8,600,000) as at 31 December 2018. If the Group and the Company are unable to generate sufficient cash flows to service interest payments, the facilities may be cancelled by the bank. Should the Group and the Company be unable to rollover the bank loans or secure alternative re-financing of the loans or other means, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED**

Report on the Audit of the Financial Statements (Continued)

Material Uncertainty Related to Going Concern (Continued)

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as going concerns and therefore, the Group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements have been prepared on a going concern on the basis that the bank will be supportive of the Group and the Company continuing in business. In addition, a director, who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and Company to enable them to continue their operations as going concerns and to meet their liabilities as and when these are due for payments within the next 12 months from the date of approval of the financial statements by the directors for the financial year ended 31 December 2018. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group and Company be unable to continue as going concerns. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

In addition to the matters described in the *Basis for Opinion and Material Uncertainty Related to Going Concern* sections, we have determined the matters described below to be the key audit matters to be communicated in our report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED**

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of leasehold building

The Group's and Company's leasehold building is stated at its revalued amount based on independent external valuations. This conforms to the Group's accounting policies as detailed in Note 2.

Key audit matter The valuation exercise involves judgement in determining appropriate valuation methodology to be used, and estimation in the use of assumptions and unobservable inputs.

Details are disclosed in Note 12 to the financial statements.

Our audit performed and responses thereon We performed the procedures below in relation to the valuation of leasehold building:

- evaluated whether the independent valuer had the necessary competence, capabilities and objectivity for purposes of our audit;
- evaluated the adequacy of the valuer's work for purposes of our audit. This involved assessing the appropriateness of valuation methodologies adopted, the relevance and reasonableness of assumptions and unobservable inputs used, and the integrity of source data used by the valuer;
- evaluated the valuation methodologies used to be consistent with generally accepted market practices, and the key assumptions and unobservable inputs to be within an acceptable range.

Potential liability arising from area used by tenant of leasehold building without rent

As disclosed in Note 3 to the financial statements, an area on the second floor of the Group's and the Company's leasehold building which was not leased out under the operating lease was used by the tenant without rent. The issue was whether such usage amounted to a sublease which requires consent by the landlord and consequently resulting in a sublet consent fee to be paid. Board and management were of the view that it was not. The prior year's auditor's report was qualified on the basis that the auditors have not been provided with sufficient appropriate evidence in respect of management's view that there is no potential liability arising from or in connection with the tenant's use of the area without rent. There is no qualification in respect of this matter in the current year's auditor's report.

Key audit matter The assessment of potential liability with regard to the above matter involves judgement in evaluating the sufficiency and appropriateness of the audit evidence.

Details are disclosed in Note 3 to the financial statements.

Our audit performed and responses thereon We performed the following procedures:

- inquired Board and management on the development of JTC's inquiry;
- reviewed the correspondence between the Company and JTC and;
- reviewed events subsequent to the use of the said space.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED**

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)), and for devising and maintaining a system of internal accounting controls sufficient to provide a 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED**

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
OEL (HOLDINGS) LIMITED**

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements for the financial year ended 31 December 2017 were audited by another auditor whose report dated 23 March 2018 expressed a qualified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter described in the Basis for Opinion section of the report, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr John Lim Geok Peng.



PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore

22 March 2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

The Company (Registration No. 198403368H) is incorporated and domiciled in Singapore as a limited liability company and is listed on Catalist, the sponsor-supervised board of Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at No. 8, Aljunied Avenue 3, Oakwell Building, Singapore 389933.

The principal activities of the Company are that of an investment holding and property management. The principal activities of the subsidiaries and associates are disclosed in Note 13 and 14 to the financial statements.

1.1 Going concern

As at 31 December 2018, the Group and the Company have net current liabilities of S\$1,536,000 and S\$1,532,000 (2017: S\$1,285,000 and S\$1,283,000) respectively. The Group incurred a loss of S\$519,000 (2017: S\$405,000) during the year. The current liabilities include bank loans of S\$1,150,000 (2017: S\$1,000,000) which are contractually due within 12 months from the end of the reporting period. The Group also had a net operating cash outflow of S\$463,000 (2017: S\$4,000) for the financial year ended 31 December 2018. The Group and the Company are dependent on the bank's continued support to continue in business. As at 31 December 2018, the Group and the Company had available S\$1,850,000 (2017: S\$2,000,000) of undrawn committed borrowing facilities in respect of which the condition precedent had been met. The facilities are secured by the Group's and the Company's leasehold building which is carried at its revalued amount of S\$8,300,000 (2017: S\$8,600,000) as at 31 December 2018.

If the Group and the Company are unable to generate sufficient cash flows to service interest payments, the facilities may be cancelled by the bank. Should the Group and the Company be unable to rollover the bank loans or secure alternative re-financing of the loans or other means, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. This may impede continuation of the Group's and the Company's rental of property, which is the Group and the Company's only remaining business.

Notwithstanding these conditions, the financial statements have been prepared on a going concern on the basis that the bank will be supportive of the Group and the Company continuing in business. In addition, a director, who is also the controlling shareholder of the Company, has given an undertaking that he will provide continuing financial support to the Group and Company to enable them to continue their operations as going concerns and to meet their liabilities as and when these are due for payments within the next 12 months from the date of approval of the financial statements by the directors for the financial year ended 31 December 2018.

If the going concern assumptions is no longer applicable, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group and Company be unable to continue as going concerns.