

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

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR
ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2022**

In compliance with Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of OEL (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditors, PKF-CAP LLP (the “**Auditors**”) has included a material uncertainty related to going concern in their report on the audited financial statements of the Group and Company (the “**Independent Auditors’ Report**”) for the financial year ended 31 December 2022 (“**FY2022**”) (the “**Audited Financial Statements**”). The opinion of the Auditors is not modified in respect of this matter.

The Group reported a loss after tax of S\$4,241,000 (2021: S\$1,733,000) and incurred net operating cash outflows of S\$3,203,000 (2021: S\$5,544,000) for the financial year ended 31 December 2022. In addition, as at 31 December 2022, the Group and the Company have low cash and bank balances of S\$170,000 (2021: S\$3,667,000) and S\$40,000 (2021: S\$3,628,000) respectively. These indicate the existence of material uncertainties that cast significant doubt on the Group’s and Company’s ability to operate as going concerns.

The ability of the Group and the Company to continue as going concerns are dependent on the ability of the Group and the Company to generate sufficient cash flows and have the necessary funds to meet the requirements of the Group’s operations to settle its liabilities as and when they fall due.

Management has taken the following measures to improve the Group and Company’s operational performances and financial positions:

- i. Subsequent to the financial year end, the Company entered into a loan agreement with the controlling shareholder to provide an interest-free loan amounting to S\$1,400,000 . As at the date of this announcement, the Company has received the entirety of the loan proceeds from the controlling shareholder.
- ii. Exploring the potential sale of some of the Group’s existing assets and operations. The sale proceeds are expected to provide additional funding to the Group to sustain its operations for the foreseeable future. At the same time, should such disposal(s) materialise, it is expected to allow the Group to reduce its net operating cash outflows as the operations have been incurring losses and net operating cash outflows during the current and prior financial years.
- iii. The disposal(s) as explained in point (ii) above, is expected to allow the Group to focus and allocate more resources to the Group’s Healthcare Products and Services operating segment. The Company believes that this business segment has more potential for growth and profitability.
- iv. Actively negotiating and tendering for contracts with new customers to grow the Group’s healthcare equipment and services revenue base. To date, the Group has managed to secure two master agreements for the supply of healthcare products and equipment to government clinics and hospitals, as well as new purchase orders for the supply of healthcare equipment, which the Group is in the midst of fulfilling the orders.
- v. The Group has also established a partnership with a third-party distributor to sell and market the Group’s healthcare equipment and services to reduce its operating cash outflows.
- vi. Exploring potential mergers & acquisitions opportunities with other healthcare equipment and services companies with established customer base, profitable track records and competent management teams to further grow the Group’s healthcare equipment and services segment.

- vii. Continuously undertake measures to improve and manage the cash flows, productivity and cost efficiency of the Group's operations.

A copy of the aforesaid Independent Auditor's Report together with an extract of the relevant notes of the FY2022 Audited Financial Statements is annexed to this announcement for reference.

After considering the measures described above, the directors and the management believe that the Group and the Company have adequate resources to continue their operations as going concerns.

In addition, the Board (i) is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders are advised to read the FY2022 Audited Financial Statements which will be released on SGXNET as part of the Company's Annual Report for FY2022.

By Order of the Board

Zhao Xin
Chief Executive Officer and Executive Director
12 April 2023

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

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