

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

1. CORPORATE INFORMATION

OEL (Holdings) Limited (the "Company") (Registration No. 198403368H) is incorporated and domiciled in Singapore as a limited liability company and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 8 Commonwealth Lane, #02-04 Grande Building, Singapore 149555.

The principal activities of the Company are that of investment holding and property management. The principal activities of the subsidiaries are disclosed in Notes 12 to the financial statements. The Group is primarily involved in the provision of childcare wellness education services and the selling and distribution of healthcare products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or S\$), which is the functional currency of the Company. All values are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

Going concern assumption

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 ability of the Group and of the Company to operate as going concerns.

Management has assessed that it is appropriate to use the going concern assumption for the preparation of the financial statements after taking into consideration the following:

- i. Subsequent to the financial year end, on 1 April 2023, the Company entered into a loan agreement with the controlling shareholder for the provision of interest-free loan amounting to S\$1,400,000 ("loan from controlling shareholder"). The funds from the loan from controlling shareholder are disbursed in four tranches as follows:
 - S\$400,000 on 1 April 2023;
 - S\$200,000 on or before 3 April 2023;
 - S\$200,000 on or before 5 April 2023;
 - S\$600,000 on or before 10 April 2023.

Extracted from the Independent Auditor's Report to the Audited Financial Statements of OEL (Holdings) Limited for the financial year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Going concern assumption (Continued)

- ii. Management is exploring the potential sale of some of the Group's existing assets and operations. As part of management's plan to sell the assets and operations, management is actively undertaking measures to identify potential suitable buyers and entering into negotiations with such buyers to discuss on the potential terms of the sale. 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 the disposal 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. Management's future plans and measures to grow the Group's healthcare equipment and services segment which included the following:
 - Management is actively negotiating and tendering for contracts with new customers to grow the Group's healthcare equipment and services revenue base. As of 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 order.
 - The Group has established a partnership with a third-party distributor to sell and market the Group's healthcare equipment and services.
 - Management is exploring potential mergers & acquisitions (M&As) opportunities with other healthcare equipment and services companies with established customer base, profitable track record and competent management teams to further grow the Group's healthcare equipment and services segment.
- iv. Management will continue to undertake measures to improve and manage the cash flows, productivity and cost efficiency of the Group's operations. In this regard, the executive directors are willing to defer the payments of their salaries should such deferment be required to ensure the Group has sufficient funds to sustain its operations.

After considering the abovementioned measures and mitigating actions, management is confident that the Group and the Company will be able to generate sufficient cash flows and have the necessary funds to meet the operating requirements of the Group's operations and to settle its liabilities as and when they fall due for at least another twelve months from the date of the financial statements are authorised for issuance and that the continuing use of the going concern assumption in the preparation of the financial statements is appropriate. Accordingly, the financial statements do not include adjustments relating to the recoverability and reclassification of recorded asset amounts or the amounts and reclassification of liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

Should the going concern assumptions be inappropriate, adjustments may have to be made to:

- i. Reflect the situation that assets may need to be realised other than in the normal course of the business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statement of financial position;
- ii. Provide for further liabilities that might arise; and
- iii. Reclassify non-current assets and non-current liabilities as current.

No such adjustments have been made in the financial statements.

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