OEL (HOLDINGS) LIMITED

2016
ANNUAL REPORT

CONTENTS

CORPORATE PROFILE

OEL (Holdings) Limited ("OEL" or the "Company", and together with its subsidiary, the "Group") is an investment holding company with businesses mainly in property management.

The Group currently generates rental income from the leasing of an industrial property in Singapore.

The Group will continue to explore and evaluate business opportunities (including but not limited to strategic investments, partnerships, or mergers and acquisitions) that have potential to generate value for shareholders.

OEL was established in Singapore in 1984 and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

With gratitude, I thank God for seeing us through another challenging year.

On behalf of the Board of Directors ("Board"), I hereby present the Annual Report and Financial Statements for the financial year ended 31 December 2016 ("FY2016").

The Group went through another challenging year in 2016. Mindful of the sentiments in the global business environment, we pressed on with our efforts to sustain the value of the Company for our shareholders. The Group continued to seek strategic investment opportunities with the potential to generate value to shareholders over the medium to long term.

Revenue increased by 28.6% from S$0.77 million in financial year ended 31 December 2015 ("FY2015") to S$0.99 million in FY2016. The Group has narrowed the loss of the shipyard operations from S$8.93 million in FY2015 to S$6.24 million in FY2016. The loss in FY2016 was mainly due to impairment loss recognised on re-measurement of disposal group (shipyard operations) to fair value less costs to sell.

The Group will make its best effort to manage the cost to lower operating expenses and will continue to explore and evaluate strategic business opportunities (including but not limited to strategic investments, partnerships, or mergers and acquisitions) that have potential to generate value for shareholders.

The Group will persevere and stand firm to overcome the challenges ahead of us. During this period, I am very thankful for your understanding and hope you will continue to support us as the Company strives to remain resilent, in the face of market uncertainties.

On behalf of the Board, I would like to extend our thanks to our valued customers, business partners, financiers and staff for their continued support.

In closing, I would like to also extend my personal appreciation and gratitude to my fellow directors for their guidance and contributions and particularly to Mr Low Beng Tin and Mr Bernard Tay Ah Kong who had resigned as Executive Director and Independent Non-Executive Director respectively on 18 October 2016.

By God's grace, we will prevail and continue to press forward for a better future for the Group.

Yours Sincerely,

JEFFREY HING YIH PEIR
Executive Chairman and Managing Director

BOARD OF DIRECTORS

JEFFREY HING YIH PEIR
Executive Chairman and Managing Director

Mr Hing was re-designated as Executive Chairman and Managing Director of the Company on 1 March 2016. He was previously Non-Executive Director of the Company since 22 March 2011 and was re-designated as Executive Director and Deputy Chairman on 3 July 2015. Mr Hing is also a member of the Nominating Committee. He was appointed a member of the Audit and Remuneration Committees on 18 October 2016. Mr Hing is also a substantial shareholder of the Company. He was last re-elected as Director on 22 April 2014.

Mr Hing has over 30 years of experience in the marine and offshore industry in a variety of roles including finance and administration, business development and management. He is the founder and Managing Director of Trinity Offshore Pte. Ltd., a Singapore-based owner-operator of offshore support/ utility vessels and is currently the Executive Chairman of Penguin International Limited. An accountant by training, Mr Hing has served in various roles as auditor, accountant, senior executive and director of diversified corporations.

Details of his shareholding can be found on page 25 of the Annual Report.

RENNY YEO AH KIANG
Independent Non-Executive Director

Mr Yeo was appointed as Non-Executive Director of the Company on 12 August 2005, and was re-designated as Independent Non-Executive Director with effect from 1 March 2010. He is also the Chairman of the Remuneration Committee and a member of Nominating Committee. Mr Yeo was appointed as Lead Independent Director with effect from 3 March 2014. Mr Yeo, being a member of the Audit Committee, has been appointed as the Chairman of the Audit Committee on 18 October 2016. He was last re-elected as Director on 26 April 2013.

Mr Yeo holds a Higher National Diploma (HND) in Electrical & Electronic Engineering from Southampton College of Technology UK and a Master in Management from Asia Institute of Management, Philippines. He has nearly 40 years of working experience in the field of shipbuilding/ship repairing, electrical engineering and cable industries. He is a full member of the Singapore Institute of Directors.

Mr Yeo formerly sat on various government boards and committees including board member of Building and Construction Authority, board member of the Productivity & Standards Board, Director of PSB Corporation Pte Ltd, founding board member of the Singapore Green Building Council, President of the Singapore National Committee (SNC) of the International Electrotechnical Commission (IEC), member of the Standard Council-SPRING, Chairman of Electrical & Electronic Product Standards Committee-SPRING, Emeritus President, and President of Singapore Manufacturers' Federation, Director of Singapore Business Advisors & Consultants Council Ltd (SBACC), member of the SBACC Governing Council. Prior to Mr Yeo's retirement in 2009, he was also the Executive Chairman and Director of Draka Cableteq Asia Pacific and its subsidiaries in Asia.

Mr Yeo is currently a SPRING Board member, Chairman of The Singapore Accreditation Council-SAC (SPRING), and member of the Board of Governors of Singapore Manufacturers' Federation.

Mr Yeo is also an Independent Non-Executive Director of Sin Heng Heavy Machinery Ltd and Director of Kinta Properties Holdings Sdn Bhd and its subsidiaries in Malaysia.

He was conferred the Pingkat Bakti Masyarakat (Public Service Medal) by the President of the Republic of Singapore (2000) and awarded the SPRING Singapore Distinguished Partner Award (2011).

Pursuant to Article 87 of the Company's Constitution, Mr Yeo will offer himself for re-election at the forthcoming Annual General Meeting

Details of his shareholding can be found on page 25 of the Annual Report.

BOARD OF DIRECTORS

LAI KWOK SENG

Advocate & Solicitor, Singapore
Barrister-at-Law, Lincoln's Inn
Independent Non-Executive Director

Mr Lai was appointed as Independent Non-Executive Director of the Company on 12 April 2005. He is also Chairman of the Nominating Committee and a member of both the Audit and Remuneration Committee. He was last re-elected as Director on 26 April 2016.

Mr Lai holds various degrees including Bachelor Degrees in Economics and Laws from the University of London, a Masters of Laws from the National University of Singapore and a Masters of Education from Australia. Mr Lai is a Barrister-at-Law, Lincoln's Inn, and an Advocate & Solicitor of the Supreme Court of Singapore. He also has vast experience and expertise in administration, management and business. Among other appointments, he has served as an Assistant Director of the Planning & Review Division with the Ministry of Education, Vice-President of commercial banking with a large local bank, and a Dealing Director with a local stock-brokerage house.

Mr Lai is a partner in a local law firm.

OPERATIONS AND FINANCIAL REVIEW

OPERATIONS AND FINANCIAL REVIEW

The Group's continuing business consists of rental income from the property management business.

CONTINUING OPERATIONS

Revenue from the continuing operations improved by 28.6% from S$0.77 million in FY2015 to S$0.99 million for FY2016. The revenue was derived from the Group's property management business in Singapore.

The Group registered other operating income of S$0.73 million for FY2016 compared to S$0.42 million in FY2015. The higher other operating income for FY2016 was due to higher write back of accruals no longer required.

Operating expenses comprise mainly administrative and other operating expenses. For FY2016, total operating expenses decreased by 18.7% from S$1.82 million in FY2015 to S$1.48 million. The lower total operating expenses for FY2016 was attributed mainly to lower manpower cost due to reduction in headcount and lower professional fees.

The Group registered a marginal profit after tax of S$0.02 million for FY2016 from the continuing operations compared to a loss of S$0.53 million in FY2015.

DISCONTINUED OPERATION

The Group has narrowed the loss of the discontinued operation (shipyard operations) from S$8.93 million in FY2015 to S$6.24 million in FY2016. The loss in FY2016 was mainly due to impairment loss recognised on re-measurement to disposal group to fair value less costs to sell.

FINANCIAL POSITION AS AT 31 DECEMBER 2016

The Group's current assets decreased from S$12.50 million as at 31 December 2015 to S$9.32 million as at 31 December 2016 mainly due to the reclassification of property, plant and equipment and other assets of the shipyard operations to disposal group held for sale, and associated S$5.90 million impairment loss recognised on re-measurement of disposal group to fair value less costs to sell.

Current liabilities decreased from S$11.78 million as at 31 December 2015 to S$10.91 million as at 31 December 2016. This was attributed to the decrease in trade and other payables which partially offset the increase in bank loans.

Cash and bank balances decreased from S$1.53 million as at 31 December 2015 to S$0.25 million as at 31 December 2016 due mainly to the losses from the discontinued operation.

As a result of the above, shareholders' equity decreased from S$14.00 million as at 31 December 2015 to S$6.45 million as at 31 December 2016.

CORPORATE INFORMATION

OEL (HOLDINGS) LIMITED

BOARD OF DIRECTORS
Executive Director
Jeffrey Hing Yih Peir
(Executive Chairman and Managing Director)

Independent Non-Executive Directors
Renny Yeo Ah Kiang
(Lead Independent Director)
Lai Kwok Seng

COMPANY SECRETARIES
Tan Ching Chek
Teo Ah Hiong
Appointed with effect from December 31, 2016

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

REGISTERED OFFICE
No. 8 Aljunied Avenue 3
Oakwell Building
Singapore 389933
Tel: 6551 3509
Fax: 6747 1832

PRINCIPAL BANKER
United Overseas Bank Limited

AUDIT COMMITTEE
Renny Yeo Ah Kiang* (Chairman)
Lai Kwok Seng*
Jeffrey Hing Yih Peir

NOMINATING COMMITTEE
Lai Kwok Seng* (Chairman)
Renny Yeo Ah Kiang*
Jeffrey Hing Yih Peir

REMUNERATION COMMITTEE
Renny Yeo Ah Kiang* (Chairman)
Lai Kwok Seng*
Jeffrey Hing Yih Peir

AUDITORS
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809

Partner In-Charge:
Mr Rankin Brandt Yeo
(Appointed since April 25, 2012)

SPONSOR
RHT Capital Pte. Ltd.
Six Battery Road #10-01
Singapore 049909

Registered Professional:
Mr Mah How Soon

* Independent Non-Executive Directors

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

The Company believes in maintaining high standards of corporate governance, and is committed to ensuring that effective self-regulatory corporate practices are in place to protect the interests of its shareholders. The Company recognises the importance of practising good corporate governance and fully supports the recommendations of the Code of Corporate Governance 2012 (the "**Code**").

The Company is pleased to disclose below a description of its corporate governance processes and activities with specific reference to the Code.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

In managing the Group's business, the Board performs the following key functions:

(1) Provides entrepreneurial leadership;

(2) Supervises the overall management of the business and affairs of the Group;

(3) Establishes and approves the Company's key strategic and operational matters, financial and funding decisions;

(4) Regularly reviews business plans of the Group and the Company;

(5) Reviews and monitors financial performance of the Group and the Company;

(6) Establishes and maintains a sound system of internal controls, covering not only financial controls but also operational and compliance controls; and

(7) Reviews the adequacy and improvement of the Group's internal controls systems.

To assist the Board in discharging its responsibilities, the Board delegates specific authority to its Board committees namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). The roles and responsibilities of the Board committees are set out separately in this report.

The Board meets at least 4 times a year, and from time to time as warranted by particular circumstances. The Company's constitution allows Board meetings to be conducted by way of telephone conferencing or any other electronic means of communication. Details of Directors' attendance at Board and Board committees meetings, as well as the frequency of such meetings held in FY2016 are summarized in the table below:

Directors	Board Meetings	AC Meetings	RC Meetings	NC Meetings
Mr Jeffrey Hing Yih Peir[1]	6	1	–	1
Mr Renny Yeo Ah Kiang[2]	6	4	2	1
Mr Low Beng Tin[3]	5	–	–	–
Mr Bernard Tay Ah Kong[3]	5	3	2	1
Mr Lai Kwok Seng	6	4	2	1
Total Meetings Held in FY2016	**6**	**4**	**2**	**1**

1. *Appointed as a member of the Audit Committee and Remuneration Committee on 18 October 2016.*

2. *Appointed as the Chairman of the Audit Committee on 18 October 2016.*

3. *Resigned as a Director of the Company on 18 October 2016.*

REPORT ON CORPORATE GOVERNANCE

The Board has adopted internal guidelines and matters that require Board's approval, including appointment of Directors, major funding and investment proposals and material capital expenditures.

The approval of the Board is required for any matter which is likely to have a material impact on the Group's operating divisions and/or financial positions as well as matters other than in the ordinary course of business.

Each newly appointed Director will be provided a formal letter setting out his duties, obligations and terms of appointment. Newly appointed Directors will also be briefed on the Group's business activities and its strategic directions as well as statutory and other responsibilities as a Director. Newly appointed Directors will be recommended by the NC to attend training on the roles and responsibilities of a listed company's Director if they do not have any prior experience.

The Directors are provided with updates on changes in relevant laws and regulations, where appropriate, to enable them to make well-informed decisions and to discharge their duties responsibly.

To keep abreast with developments in corporate, financial, legal and other compliance requirements, Directors are encouraged to attend relevant courses, conferences and seminars funded by the Company.

During the year under review, the Directors have attended relevant trainings to keep themselves abreast of the latest changes and developments in the areas of corporate, financial, legal and other compliance topics.

The Board has no dissenting view on the Executive Chairman and Managing Director's letter to shareholders for the year in review.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises 3 members, of whom, 2 are Independent Non-Executive Directors.

As at the date of this report, the Board comprises the following Directors:

Jeffrey Hing Yih Peir	–	Executive Chairman and Managing Director
Renny Yeo Ah Kiang	–	Lead Independent Director
Lai Kwok Seng	–	Independent Non-Executive Director

The NC had reviewed the independence of each Director for FY2016 in accordance with the Code's definition of independence, and is satisfied that more than 50% of the Board continues to be independent. The Independent Directors have made up at least half of the Board as Mr Hing acts as the Chairman and Managing Director.

The Board is of the view that there exists a sufficiently strong element of independence on the Board to enable independent exercise of objective judgment of corporate affairs of the Group, taking into account factors such as the number of Independent Non-Executive Directors on the Board, as well as the size and scope of the affairs and operations of the Group. The Board derives its strength from the background, diversity, skills and experience of the Board members.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as finance, law, corporate, business and management experience and knowledge. The Board considers the combination of experience, knowledge and expertise of its members to be balanced and effective in carrying out its functions.

The Code states that the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment, should be subject to particularly rigorous review. The NC had assessed the independence of each Director, including Director whose tenure had exceeded 9 years from the date of his first appointment.

REPORT ON CORPORATE GOVERNANCE

In respect of Independent Director, Mr Lai Kwok Seng who has served on the Board for more than 9 years since his first date of appointment on 12 August 2005, the NC and the Board (with Mr Lai abstaining from discussion and deliberation) had reviewed and confirmed that he continues to be independent after taking into consideration the following factors:

(i) There was a change in the controlling shareholder of the Company in January 2011.

(ii) The considerable amount of experience and wealth of knowledge he brings to the Company.

(iii) His attendance and active participation in the proceedings and decision making process of the Board and Board committee meetings.

(iv) The qualifications and expertise of Mr Lai provides reasonable check and balances for management.

(v) Mr Lai has provided continuity and stability as well as valuable experience to the Board of the Company and the Group.

(vi) Mr Lai provides adequate attention and sufficient time devoted to the proceedings and business of the Company and is adequately prepared and responsive and heavily involved in discussions at Board and Board committee meetings.

(vii) Mr Lai provides overall guidance to management and acts as safeguard for the protection of the Company's assets and shareholders' interests.

Accordingly, the NC had recommended to the Board that he continues to be considered independent notwithstanding he has served on the Board for more than 9 years from the date of his first appointment.

The NC also noted that Mr Yeo was first appointed to the Board on 12 August 2005. However, as he met the independence criteria under the Code, based on the NC's assessment, he was re-designated as an Independent Non-Executive Director on 1 March 2010. Accordingly, Mr Yeo is considered as appointed as an Independent Director of the Company from 1 March 2010.

None of the aforesaid Independent Directors are related to and do not have any relationship with the Company, its related corporations, its 10% shareholders, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company.

The dates of initial appointment and last re-election of each director are set out below:

NAME OF DIRECTORS		APPOINTMENT	DATE OF INITIAL APPOINTMENT	DATE OF LAST RE-ELECTION
1	Jeffrey Hing Yih Peir	Executive Chairman and Managing Director	22 March 2011	22 April 2014
2.	Renny Yeo Ah Kiang	Lead Independent Director	12 August 2005	26 April 2013
3.	Lai Kwok Seng	Independent Non-Executive Director	12 August 2005	26 April 2016

REPORT ON CORPORATE GOVERNANCE

Details of the Board members are set out in the "Board of Directors" section of the Annual Report.

The Non-Executive Directors contribute to the Board by monitoring and reviewing management's performance against goals and objectives. Their views and opinions provide different perspectives to the Group's business. While challenging management's proposals or decisions, they bring independent judgment to bear on business activities and transactions, involving conflicts of interest and other complexities.

Where appropriate and necessary, the Non-Executive Directors would also meet without the presence of management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Jeffrey Hing Yih Peir is the Executive Chairman and Managing Director ("**MD**").

Mr Hing plays an instrumental role in developing the business of the Group. Mr Hing also provides the Group with strong leadership and vision. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure as the current scale of the Group's business does not warrant a division of duties.

As Chairman of the Board, and with the assistance of the Company Secretary, Mr Hing ensures that Board meetings are held when necessary, sets the Board meeting agenda and ensures that Directors receive adequate and timely information. Mr Hing also facilitates constructive relationship between the Board and management, executes strategic plans and ensures that Directors are kept updated and informed of the Group's business. As MD, Mr Hing is responsible for the day-to-day management of the Group's affairs and ensures that views of shareholders are considered appropriately.

Mr Yeo is the Lead Independent Director since 3 March 2014. As Lead Independent Director, Mr Yeo is available to shareholders should they have concerns or issues for which communication with the Executive Chairman/MD or management has failed to resolve or where such communication is inappropriate.

Where appropriate and necessary, the Independent Directors would meet without the presence of the other Directors and management, for the Lead Independent Director to provide any feedback to the Chairman.

PRINCIPLE 4: BOARD MEMBERSHIP

Nominating Committee

The NC, regulated by written terms of reference, comprises 3 members, the majority of whom are Independent Non-Executive Directors. The NC Chairman is an Independent Director and is not associated with any substantial shareholder. The current composition of the NC is as follows:–

Chairman: Mr Lai Kwok Seng

Members: Mr Renny Yeo Ah Kiang
Mr Jeffrey Hing Yih Peir

The key objectives of the NC are to ensure that there is a formal and transparent process in the nomination, appointment and re-appointment of Directors to the Board and to assess the effectiveness and contribution of the Board and its members to the welfare, strategic growth and development of the Company. The Company will put in place a succession plan for the Board once the Group acquires new businesses.

REPORT ON CORPORATE GOVERNANCE

The NC's written key terms of reference describe its responsibilities, and these include:

(1) Reviews the Board structure, size and composition and makes recommendations to the Board with regard to any adjustments that are deemed necessary;

(2) Identifies candidates, reviews and makes recommendations to the Board on all nominations for Board appointments or re-appointments;

(3) Determines the independence of each Director (in accordance with principles 2.3 and 2.4 of the Code) and assesses the adequacy of Board members with multiple board representations;

(4) Evaluates Board's performance and proposes objective performance criteria, where appropriate, for the Board's approval;

(5) Assesses the effectiveness of the Board as a whole, and the performance and contribution of each Director;

(6) Reviews board succession plans for Directors, in particular the Chairman and the Managing Director; and

(7) Reviews training and professional development programmes for the Board.

In accordance with the Company's Constitution, one-third of the Board retires by rotation and all newly appointed Directors retire at the next Annual General Meeting ("**AGM**") following their appointments. The retiring Directors are eligible to offer themselves for re-election.

The NC has recommended the re-election of Mr Yeo, who will be retiring at the forthcoming AGM, following a review of his performance and contributions.

Accordingly, the NC recommended to the Board the re-election of Mr Yeo as a Director at the Company's forthcoming AGM. Mr Yeo has offered himself for re-election. The Board has accepted the recommendation of the NC.

Having regard to the attendance of the Directors, their contributions at meetings of the Board and Board committees, and their time commitment to the affairs of the Company, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed company board representations and other principal commitments on each Director.

In determining whether each Director is able to devote sufficient time to discharge their duties as Directors of the Company, the NC has taken cognizance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments. The contributions by Directors to and during meetings of the Board and Board committees as well as their attendance at such meetings should also be taken into account.

The NC is of the view that the current size of the Board is adequate for the purposes of the Group as the Group's business now consists of only rental income from leasing of the property at 8 Aljunied Avenue 3, Singapore. While the Board does not consist of any female director at the moment, its current composition with appropriate mix of expertise and experience enables management to benefit from a diverse and objective perspective on any issues raised before the Board. Therefore, the NC felt that there was no need to increase the board size.

REPORT ON CORPORATE GOVERNANCE

The NC would however continue to review from time to time, the Directors' board representations and other principal commitments to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

None of the Directors have appointed any alternate Director(s).

The NC had also adopted an NC Procedures and Director Qualification Criteria. This provides the procedures for the identification of potential candidates, a review of the candidates' skills, knowledge and experience, an assessment of candidates' suitability and finally recommending their appointments or otherwise for the consideration and approval by the Board.

The relevant information on each of the above-named Directors is set out in the "Board of Directors" section of the Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board carried out an assessment of its performance as a whole, for the financial year under review. This process involves the completion of a questionnaire by Board members. A summary of findings was prepared based on the completed questionnaires and was reviewed and deliberated by the NC. The Chairman of the NC conferred with the Chairman of the Board on the findings and appropriate follow-up actions were taken as necessary. No external facilitator had been engaged by the Board for this purpose.

The evaluation on the Board performance deals with matters on Board's composition, size and expertise, timelines of Board information, accountability and processes, amongst other things.

As the Group's business has reduced substantially and the number of Directors has also reduced, the NC reviewed and considered that separate assessment of the effectiveness of each Board committee and evaluation on each Director are not necessary presently. However, the NC would review these two matters once the Group acquired new businesses and the Company increased the Board size.

PRINCIPLE 6: ACCESS TO INFORMATION

The Directors in their individual capacity have separate and independent access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, the Directors are provided with the relevant documents and information to enable them to obtain a comprehensive understanding of the issues to deliberate upon and to enable them to arrive at an informed decision.

Management provides Board members with timely management accounts. Information on major developments and material transactions are also circulated to Directors, as and when deemed appropriate.

The Directors have direct and independent access to management and the Company Secretary. The Company Secretary provides advice, secretarial support and assistance to the Board and ensure adherence to Board procedures and relevant rules and regulations applicable to the Company. The Company Secretary and/or the representative(s) attend all Board and Board committee meetings.

Pursuant to the Company's constitution, the appointment and removal of the Company Secretary requires approval of the Board as a whole.

The Directors, whether as a group or individually, may seek independent professional advice to fulfil their duties and such cost will be borne by the Company.

REPORT ON CORPORATE GOVERNANCE

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC, regulated by its written terms of reference, comprises 3 members, majority of whom are Independent Non-Executive Directors, as follows:

Chairman: Mr Renny Yeo Ah Kiang

Members: Mr Lai Kwok Seng
Mr Jeffrey Hing Yih Peir

Guideline 7.1 of the Code requires that all members of the RC be Non-Executive Directors. However, as the Group's business and the Group staff headcount have been reduced substantially, the NC and the Board felt that there was no need to appoint an additional Non-Executive and/or Independent Director to be a member of the RC to fulfil the role of the RC and to comply with guideline 7.1 of the Code. However, the NC and the Board would review the need for an additional Non-Executive Director and/or Independent Director to be appointed to the RC once the Group acquires new businesses and increases staff headcount.

The terms of reference of the RC had been amended to be in line with the recommendations of the Code. The principal functions of the RC are summarized as follows:

(1) Reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel;

(2) Reviews and recommends the remuneration of the Executive Director and fees for the Non-Executive and Independent Directors which are subject to shareholders' approval at the AGM;

(3) Reviews the remuneration of key management personnel;

(4) Reviews and recommends to the Board the terms of renewal of Directors' service contracts; and

(5) Performs such other duties as may be agreed by the RC and the Board.

The RC is assisted by the Group's human resource department. The RC may from time to time seek external professional advice on remuneration matters, if required.

The RC also reviews the recommendation from the MD on the remuneration of key management personnel of the Group. The RC considers amongst other things, the Directors' and key management personnel's responsibilities and contributions to the Company's performance and ensures that their rewards are linked to corporate and individual performance.

REPORT ON CORPORATE GOVERNANCE

In setting remuneration packages for Executive Directors of the Company and key management personnel of the Group, the pay and the employment conditions within the industry and in comparable companies are taken into account to maintain an appropriate and competitive level of remuneration that will attract, retain and motivate key management personnel. Each RC member abstains from deciding and recommending his own fees. No Director was involved in determining his own remuneration.

Directors' fees payable to the Independent Non-Executive Directors are set in accordance within a remuneration framework and in consideration of their contributions, effort, time incurred and responsibilities.

The RC has recommended to the Board an amount of up to S$90,000 as Directors' fees for the financial year ending 31 December 2017, to be paid quarterly in arrears. The Board will table the recommendation of Directors' fees at the Company's forthcoming AGM for shareholders' approval.

The Company has in place a remuneration policy for Executive Directors and key management personnel which comprises of a fixed and variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. Executive Directors' and key management personnels' appraisals are conducted on an annual basis.

The Company does not have any long-term incentive scheme for Executive Directors and key management personnel or share option scheme in place.

The remuneration of Executive and Independent Directors are set appropriate to the level of their contribution, taking into account factors such as effort and time spent, and responsibilities of each Director.

Breakdowns of the Directors' remuneration and that of the Group's top executives (who are not Directors of the Company), for FY2016 are as follows:

Name of Director	**Salary and CPF**	**Bonus and other variable performance components**	**Allowances and other benefits**	**Director's Fee**	**Total**
	S$	**S$**	**S$**	**S$**	**S$**
Mr Jeffrey Hing Yih Peir	45,792	–	–	–	45,792
Mr Renny Yeo Ah Kiang	–	–	–	45,500	45,500
Mr Bernard Tay Ah Kong*	–	–	–	39,333	39,333
Mr Lai Kwok Seng	–	–	–	44,000	44,000
Mr Low Beng Tin*	197,141	–	–	–	197,141

* *Mr Bernard Tay Ah Kong and Mr Low Beng Tin resigned as Directors of the Company on 18 October 2016*

REPORT ON CORPORATE GOVERNANCE

Remuneration of top 5 Key Management Personnel (who are not Directors of the Company)

The Company noted that under the Code, the remuneration details of the top 5 key management personnel are to be disclosed. As the Group business has been downsized with only the business of property leasing to earn rental income, the Group was left with 2 key management personnel (who are not Directors) in FY2016. The breakdown (in percentage) of the remuneration of the 2 key management personnel is as follows:

Remuneration Band & Name of Key Management Personnel	Salary and CPF	Bonus and other variable performance components	Allowances and other benefits
Below S$250,000	%	%	%
Chong Kwang Shih[1]	100	–	–
Alex Long Yoke Hian	100	–	–

1. Resigned as the Chief Financial Officer on 31 January 2017.

The total remuneration paid to the 2 key management personnel was S$350,100.

Given the confidentiality and commercial sensitivity attached to remuneration matters, the Board was of the view that detailed disclosure of the exact remuneration paid to the key management personnel would not be in the interest of the Company.

There were no employees in the Group who are immediate family members of a Director or the Executive Chairman/MD and whose remuneration is S$50,000 or more in FY2016.

The RC noted the Code's recommendation for the disclosure of information on the link between remuneration paid to the Executive Directors and key management personnel, and performance. For reasons of sensitivity and confidentiality of remuneration matters, the Board is of the view that detailed disclosure of performance conditions/targets should not be disclosed.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management personnel paid in prior years in such exceptional circumstances.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 10: ACCOUNTABILITY & AUDIT

The Board is mindful of the obligation to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects including information on all major developments that affect the Group and strives to maintain a high standard of transparency.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's performance, position and prospects on a regular basis.

PRINCIPLE 11: RISK MANAGEMENT & INTERNAL CONTROLS

The Board is responsible for the governance of the risk and internal control framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The risk management system in place can provide only reasonable and not absolute assurance against business risks. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements, there are maintenance of proper accounting records, financial information is reliable and assets are safeguarded.

The Group has in place a Risk Working Group ("**RWG**") comprising the MD and key management personnel to assist the Board in its oversight of risk governance and risk management in the Group.

The Group's Risk Management Framework covers financial, operational, compliance and information technology risks, and helps management to identify, compile, categorise, assess, manage and monitor key risks factors of the Group. The key risks identified are deliberated by key management.

The Risk Management Framework is complemented by the Group's system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and other checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. The assistance of the internal and external auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve and enhance the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls and risk management processes are not satisfactory for the type and size of business conducted.

REPORT ON CORPORATE GOVERNANCE

As the Company does not have a Chief Financial Officer, the Board has obtained a written confirmation from the MD and Finance Manager:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and the statutory audit conducted by the external auditor, and reviews performed by management and various Board committees, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management, were adequate and effective as at 31 December 2016 to meet the needs of the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While acknowledging their responsibility for the system of internal controls, the Directors are aware that such a system is designed to manage, rather than eliminate risks, and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or mis-statements, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises 3 members, majority of whom are Independent Non-Executive Directors, as follows:

Chairman: Mr Renny Yeo Ah Kiang

Members: Mr Lai Kwok Seng
Mr Jeffrey Hing Yih Peir

Guideline 12.1 of the Code requires all the members of the AC be Non-Executive Directors. However as earlier mentioned, owing to the fact that the Group's business and the Group staff headcount have been reduced substantially, the NC and the Board felt that there was no need to appoint an additional Non-Executive and/or Independent Director to be a member of the AC to fulfil the role of the AC and to comply with guideline 12.1 of the Code. The NC and the Board would review the need for an additional Non-Executive Director and/or Independent Director to be appointed to the AC once the Group acquires new businesses and increase staff headcount.

All AC members bring with them invaluable managerial and professional expertise in the financial, legal and business management spheres. The Board is of the view that the AC has the relevant and recent financial management expertise and experience to discharge its responsibilities properly.

The AC has the explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC is regulated by a written set of terms of reference. The terms of reference of the AC had been amended to be in line with the recommendations of the Code.

REPORT ON CORPORATE GOVERNANCE

The AC performs the following key functions:

1. Reviews the audit plans of both the external and internal auditors;

2. Reviews the result of the internal auditors' examination and evaluation of internal controls of the Company and its subsidiaries, to determine overall effectiveness of the Company's internal audit functions;

3. Reviews the Group's financial and operating results and accounting policies;

4. Reviews the financial statements of the Company, the consolidated financial statements and external auditors' report on those financial statements, before submission to the Board for approval;

5. Reviews the quarterly, half-yearly and full-year results announcements and financial position of the Group and the Company before submission to the Board for approval;

6. Reviews transactions with interested persons and related parties;

7. Reviews the co-operation and assistance given by the Management to the Group's external and internal auditors and determines that no restrictions were imposed on the scope of the external and internal auditors' examination;

8. Reviews the actions taken by the Management in response to the internal auditors' recommendations;

9. Reviews the suitability of external auditors appointed for the Group's significant foreign-incorporated subsidiaries and associate companies;

10. Reviews and recommends the nomination of the appointment and re-appointment of external auditors; and

11. Reviews whistle-blowing reports (if any).

The AC has discussed with management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant issues were discussed with management and external auditor and reviewed by the AC in respect of FY2016:

Matters considered	Action
Material Uncertainty Related to Going Concern	The AC evaluated the key assumptions made in preparing the financial statements on a going concern basis. Those assumptions are disclosed in Note 1 to the financial statements. The AC's evaluation included review and approval of the Group's budget and cash flow forecast for the year ending December 31, 2017 and an assessment of credit lines and sources of financing available to the Group. The AC is satisfied that the assumptions are reasonable, and that the application of the going concern basis for preparation of the financial statements is appropriate.

REPORT ON CORPORATE GOVERNANCE

Matters considered	Action
Shipyard operations – application of FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	On 12 December 2016, a creditor of the Group's subsidiary, OSEC Shipyard Pte. Ltd. ("**OSEC**") filed an application to wind up OSEC. The AC discussed with management on the viability of the shipyard operations and was informed that management had no intention to challenge the winding up application. On 6 January 2017, the application was heard by the Singapore High Court, pursuant to which a winding up order was made against OSEC and a liquidator appointed with immediate effect. This caused the Group to lose control of OSEC and its subsidiary OSC Co., Ltd ("**OSC**"), constituting an effective disposal of both entities (the shipyard operations) subsequent to year end. In addition, due to the weak sentiment of the oil and gas industry particularly in the shipbuilding sector, management is uncertain of the amounts recoverable from any potential sales of the assets. The AC reviewed management's judgments made in relation to the classification of shipyard operating subsidiaries as a disposal group held for sale and a discontinued operation. Please refer to Note 12 to the financial statements for more details. As part of their review, the AC paid attention to the requirements of the financial reporting standards and held discussions with the external auditor to develop a detailed understanding of matters. The AC is satisfied with the appropriateness of classifying the operations as a disposal group held for sale and a discontinued operation and the impairment loss of $5.9 million recognised on re-measurement of disposal group to fair value less costs to sell.
Valuation of leasehold building and investment property	The AC reviewed the independence and competency of the valuer engaged by management, and considered valuation methodologies employed. Overall, the AC is satisfied that the results of the valuation exercise provide adequate support for the carrying amounts of leasehold building and investment property.

REPORT ON CORPORATE GOVERNANCE

Annually, the AC meets with the external and internal auditors, without the presence of management.

The AC has reviewed the nature and extent of all audit and non-audit services performed by the external auditors to establish whether their independence had in any way been compromised. The AC is of the opinion that the provision of non-audit services did not affect the independence or objectivity of the external auditors. The audit and non-audit fees paid to the Company's external auditors are S$81,000 and S$12,000 respectively for FY2016.

In line with the recommendation of the Code to put in place, arrangements to encourage and to provide a channel for staff of the Group and external parties to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters, the AC has implemented a "Whistle-Blowing & Fraud Policy" to ensure that there are arrangements in place, for independent investigation of such matters and concerns raised on financial or other improprieties, and for appropriate follow-up action. The "Whistle-Blowing & Fraud Policy" allows for staff of the Group and external parties to make reports to designated email address and Post Box mailing independently administered and managed by an external service provider.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being provided by the external and internal auditors.

The AC meets at least 4 times a year, and as and when deemed appropriate, to carry out its functions and has direct access to, and full co-operation of the management.

The AC has reviewed and confirmed that Deloitte & Touche LLP is a suitable audit firm to meet the Company's audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, Deloitte & Touche LLP's other audit engagements, size and complexity of the OEL Group, number and experience of supervisory and professional staff assigned to the audit. Accordingly, the AC recommended to the Board the re-appointment of Deloitte & Touche LLP as external auditor of the Group for the year ending 31 December 2017. Accordingly, the Company has complied with Catalist Rule 712 of the Listing Manual.

The accounts of the Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries are audited by Deloitte & Touche LLP and overseas practices of Deloitte & Touche Tohmatsu Limited respectively. Accordingly, the Company has complied with Catalist Rule 715 of the Listing Manual.

PRINCIPLE 13: INTERNAL AUDIT ("IA")

The Company's internal audit function is outsourced to One e-Risk Services Pte Ltd, who is independent of the Company's business activities. The AC approves the appointment, removal, evaluation and compensation of the internal auditors.

The IA function is adequately resourced and has appropriate standing within the Company. The IA function is also adequately staffed with persons with the relevant qualifications and experience.

The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan. The internal auditors have a direct and primary reporting line to the AC and assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified.

The function of the IA is carried out according to standards such as the Standards for the Professional Practice of Internal Auditing set by nationally or internationally recognised professional bodies such as the Institute of Internal Auditors.

The AC assesses the adequacy and effectiveness of the internal audit function annually.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 14: SHAREHOLDERS' RIGHTS & RESPONSIBILITIES
PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16: CONDUCT OF SHAREHOLDERS' MEETING

The Group treats all shareholders fairly and equitably, and recognizes, protects and facilitates the exercise of shareholders' rights. The Company does not practise selective disclosure. Price sensitive information is always released on SGXNET after trading hours. Results and annual reports are announced or issued within the mandatory periods.

Shareholders are encouraged to attend the Annual General Meeting to ensure a greater level of shareholder participation and for them to be kept up to date as to the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the Notice of AGM and circulars and notices pertaining to any Extraordinary General Meetings of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders to attend and vote at general meetings of the Company by proxies. A shareholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the general meetings while a member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings through proxy forms deposited 48 hours before the meeting. Notices of general meetings are also advertised in newspapers and available on the SGX-ST's website.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. Participation of shareholders is encouraged at the Annual General Meeting through the open question and answer session. All Directors, the Board Chairman and the respective Chairman of the AC, NC and RC, management and the external auditor are available to address any queries or concerns on matters relating to the Group and its operations.

To promote greater transparency and effective participation, the Company has started to conduct the voting of all its resolutions by poll at all general meetings since 2015. The detailed voting results, including the total number of votes cast for or against each resolution tabled, are announced immediately at the general meetings and via SGXNET after the general meetings.

At each AGM and/or general meetings, shareholders are given the opportunity to participate effectively and raise their concerns with the Directors and Management on matters pertaining to the Group's and its operations. Any notice of a general meeting of shareholders is despatched at least 14 days before the scheduled date of the meeting.

The Board believes in timely communication of information to shareholders and the investing public. It is the Board's policy that all shareholders and the investing public should be equally, and timely informed of all major developments that impact the Group and Company.

Information is communicated to shareholders and the investing public through the following channels:

– Details of all general meetings via SGXNET, notices published in newspapers and circulars/reports;

– Annual reports that are issued to all shareholders. The Board makes every effort to ensure that the Annual Report include all relevant information on the Group, including current developments, strategic plans and disclosures required under the Singapore Companies Act, Singapore Financial Reporting Standards, etc; and

– Announcements of quarterly, half-yearly and full-year results released via SGXNET; announcements relating to major developments of the Group made via SGXNET; press and analysts' briefings as may be appropriate.

The Company does not engage a dedicated investors relations firm.

REPORT ON CORPORATE GOVERNANCE

The Company does not have a fixed dividend policy. The form, frequency, and/or amount of dividends will depend on the Company's cash, earnings, gearings, financial performance and position, project capital expenditure, future investment plans, funding requirements and any other factors that the Directors consider relevant. The Company will communicate any dividend payouts to shareholders via announcements released to the SGX-ST via SGXNET.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arms' length basis. All interested person transactions are subject to review by the AC.

The aggregate value of the interested person transactions entered into during FY2016 which exceeded S$100,000 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000)
Nil	–

The Company does not have a shareholders' mandate for interested person transactions.

SECURITIES TRANSACTIONS

The Group has adopted a Code of Best Practice Guides for Dealings in Securities (the "Securities Code") which sets out the policy on dealings in securities of the Company and implications of insider trading.

In line with the Securities Code, Directors, key officers and employees of the Group who have access to unpublished price-sensitive and confidential information have been informed not to deal in the securities of the Company, at least two weeks before the release of the quarterly financial results and at least one month before the release of the half-year and full-year financial results to SGX-ST and ending on the date of announcement of the relevant results, or when they are in possession of any unpublished material price-sensitive information.

Directors, key officers and employees are also discouraged to deal in the Company's securities on short-term considerations.

RISK MANAGEMENT AND PROCESSES

Information relating to the Group's risk management policies and processes are set out on page 52 of the Annual Report.

MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving the interests of Directors or controlling shareholders and no other material contract subsisted at the end of the financial year.

REPORT ON CORPORATE GOVERNANCE

CODE OF BUSINESS CONDUCT

The Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the regulations and the Company's policies.

SPONSORSHIP

Pursuant to Catalist Rule 1204 (21) of the Listing Manual, the Company did not pay any non-sponsor fees to the Company's sponsor, RHT Capital Pte. Ltd.

DIRECTORS' STATEMENT

The Directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the Directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 32 to 73 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The Directors of the Company in office at the date of this statement are:

Jeffrey Hing Yih Peir
Renny Yeo Ah Kiang
Lai Kwok Seng

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Names of Directors and company in which interests are held	**Shareholdings registered in the names of Directors**		**Shareholdings in which Directors are deemed to have interests**	
	At beginning of year	**At end of year**	**At beginning of year**	**At end of year**
OEL (Holdings) Limited				
(Ordinary shares)				
Jeffrey Hing Yih Peir	195,000	195,000	197,350,000(1)	197,350,000(1)
Renny Yeo Ah Kiang	1,765,000	1,765,000	–	–

(1) 164,350,000 shares (2015: 164,350,000 shares) were registered in the name of Phillip Securities Pte Ltd and 33,000,000 shares (2015: 33,000,000) were registered in the name of Pacific Alliance Asia Opportunity Fund L.P.

The Directors' interests in the shares of the Company at January 21, 2017 were the same at December 31, 2016.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr Renny Yeo Ah Kiang and includes Mr Lai Kwok Seng and Mr Jeffrey Hing Yih Peir. The Audit Committee meets at least 4 times a year, and as and when deemed appropriate to review the following, where relevant with the Executive Director and external and internal auditors of the Company:

a) the external and internal audit plans and audit reports, the scope and results of the internal audit procedures and results of the internal auditor's examination and evaluation of the Group's system of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the Directors of the Company and external auditor's report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases (if any) on the results and financial position of the Group and the Company;

e) the co-operation and assistance given by the management to the Company's internal and external auditors;

f) the re-appointment of the external auditors of the Company; and

g) interested person transactions.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Jeffrey Hing Yih Peir

Renny Yeo Ah Kiang

March 31, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 December 31, 2016, 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 the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 73.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "**Act**") and Financial Reporting Standards in Singapore ("**FRSs**") 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 December 31, 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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 to these financial statements. As at December 31, 2016, the Group and the Company have net current liabilities of S$1.6 million. The current liabilities include bank loans of $1.0 million which are contractually due within 12 months from the end of the reporting period. Should the Group and the Company be unable to rollover the existing loans or alternative re-financing of the loans be unsuccessful, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. This may impede continuation of property management operations, which is the Group's only remaining business.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and the Company 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, 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

Key Audit Matters (Continued)

Shipyard operations

Note 12 describes the events leading to a winding up order being made against OSEC Shipyard Pte. Ltd. ("**OSEC**") by the Singapore High Court on January 6, 2017. This caused the Group to lose control and effectively dispose of OSEC and its subsidiary OSC Co., Ltd ("**OSC**") subsequent to the year end.

Key audit matter	The key audit matter relates to application of FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, which resulted in assets and liabilities of OSEC and OSC being classified as a disposal group held for sale as at December 31, 2016. Applying FRS 105 requires judgement, specifically with regards to: (i) Identifying assets and liabilities of OSEC and OSC as a disposal group; (ii) Classifying the disposal group as held for sale; (iii) Estimating the fair value less costs to sell of the disposal group for measurement purposes; and (iv) Presenting results of the disposal group as a discontinued operation.
Our audit performed and responses thereon	We assessed management's basis for the conclusions in (i), (ii) and (iv). We found these to be in accordance with FRS 105. We also assessed management's estimate of the disposal group's fair value less costs to sell (iii). We found management's estimate to be reasonable. We have considered disclosures in the financial statements. These are adequate in our view.

Valuation of leasehold building and investment property

The Group's and Company's leasehold building is stated at its revalued amount, while its investment property is measured at fair value 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 methodologies to be used, and is a source of estimation uncertainty due to the use of assumptions and unobservable inputs. Details are disclosed in Notes 3 and 15.
Our audit performed and responses thereon	We evaluated whether the independent valuer had the necessary competence, capabilities and objectivity for purposes of our audit. We also 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. We found 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. We consider the disclosures in the financial statements to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the 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 Act and FRSs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

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

- 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 and 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.

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.

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 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 Rankin Brandt Yeo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 31, 2017

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Current assets					
Cash and bank balances	7	**245**	1,534	**245**	1,295
Trade receivables	8	**4**	154	**4**	24
Other receivables	9	**24**	1,673	**24**	30
Inventories	10	**–**	6,136	**–**	–
Other current assets	11	**–**	3,000	**–**	–
		273	12,497	**273**	1,349
Assets of disposal group classified as held for sale	12	**9,045**	–	**–**	–
Total current assets		**9,318**	12,497	**273**	1,349
Non-current assets					
Subsidiaries	13	**–**	–	**–**	–
Associate	14	**–**	–	**–**	–
Property, plant and equipment	15	**4,576**	9,854	**4,576**	4,773
Investment property	16	**3,741**	3,741	**3,741**	3,741
Other non-current assets		**6**	12	**32**	38
Total non-current assets		**8,323**	13,607	**8,349**	8,552
Total assets		**17,641**	26,104	**8,622**	9,901
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	17	**143**	8,841	**143**	268
Other payables	18	**558**	2,409	**556**	1,465
Current portion of finance leases		**33**	33	**33**	33
Bank loans	19	**1,000**	500	**1,000**	500
Income tax payable		**129**	–	**129**	–
		1,863	11,783	**1,861**	2,266
Liabilities of disposal group classified as held for sale	12	**9,045**	–	**–**	–
Total current liabilities		**10,908**	11,783	**1,861**	2,266
Non-current liabilities					
Finance leases		**–**	33	**–**	33
Deferred tax liabilities	20	**288**	288	**288**	288
Total non-current liabilities		**288**	321	**288**	321
Capital and reserves					
Share capital	21	**38,530**	38,530	**38,530**	38,530
Currency translation reserve	22	**(247)**	1,084	**–**	–
Revaluation reserve	23	**6,539**	6,539	**6,539**	6,539
Share issue reserve	24	**(182)**	(182)	**(182)**	(182)
Accumulated losses		**(38,195)**	(31,971)	**(38,414)**	(37,573)
Net equity		**6,445**	14,000	**6,473**	7,314
Total liabilities and equity		**17,641**	26,104	**8,622**	9,901

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000 (Re-presented)
Continuing operations			
Revenue	25	**990**	770
Other operating income	26	**734**	420
Administrative expenses		**(886)**	(1,191)
Other operating expenses	27	**(593)**	(632)
Finance costs	28	**(24)**	(24)
Profit (loss) before tax		**221**	(657)
Income tax (expense) benefit	29	**(201)**	123
Profit (loss) for the year from continuing operations	30	**20**	(534)
Discontinued operation			
Loss for the year from discontinued operation	12	**(6,244)**	(8,934)
Loss for the year		**(6,224)**	(9,468)
Other comprehensive (loss) income			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operation	22	**(1,331)**	3,040
Total comprehensive loss for the year		**(7,555)**	(6,428)
(Loss) Earnings per share	31		
From continuing and discontinued operations:			
Basic and diluted		**(0.93 cents)**	(1.42 cents)
From continuing operations:			
Basic and diluted		**0.003 cents**	(0.08 cents)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2016

Group	Share capital $'000	Currency translation reserve $'000	Revaluation reserve $'000	Share issue reserve $'000	Accumulated losses $'000	Total $'000
Balance at January 1, 2015	38,530	(1,956)	6,539	(182)	(22,503)	20,428
Total comprehensive (loss) income for the year:						
Loss for the year	–	–	–	–	(9,468)	(9,468)
Other comprehensive income for the year	–	3,040	–	–	–	3,040
Total	–	3,040	–	–	(9,468)	(6,428)
Balance at December 31, 2015	38,530	1,084	6,539	(182)	(31,971)	14,000
Total comprehensive loss for the year:						
Loss for the year	–	–	–	–	(6,224)	(6,224)
Other comprehensive loss for the year	–	(1,331)	–	–	–	(1,331)
Total	–	(1,331)	–	–	(6,224)	(7,555)
Balance at December 31, 2016	**38,530**	**(247)**	**6,539**	**(182)**	**(38,195)**	**6,445**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2016

	Share capital $'000	Revaluation reserve $'000	Share issue reserve $'000	Accumulated losses $'000	Total $'000
Company					
Balance at January 1, 2015	38,530	6,539	(182)	(25,572)	19,315
Loss for the year, representing total comprehensive loss for the year	–	–	–	(12,001)	(12,001)
Balance at December 31, 2015	38,530	6,539	(182)	(37,573)	7,314
Loss for the year, representing total comprehensive loss for the year	–	–	–	(841)	(841)
Balance at December 31, 2016	**38,530**	**6,539**	**(182)**	**(38,414)**	**6,473**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	Group	
	2016	2015
	$'000	$'000
Operating activities		
Profit (loss) before tax from continuing operations	**221**	(657)
Loss from discontinued operation	**(6,244)**	(8,934)
	(6,023)	(9,591)
Adjustments for:		
Allowance for doubtful non-trade receivables	**–**	9
Depreciation of property, plant and equipment	**1,493**	1,582
(Gain) Loss on disposal of property, plant and equipment	**(85)**	116
Impairment of other non-current assets	**6**	–
Interest expense	**24**	24
Interest income	**–**	(15)
Project costs written off	**–**	3,200
Property, plant and equipment written off	**17**	61
Write back of accruals	**(674)**	(1,027)
Impairment loss recognised on re-measurement of disposal group to fair value less costs to sell	**5,901**	–
Operating cash flows before movements in working capital	**659**	(5,641)
Trade receivables	**281**	386
Other receivables	**64**	3,371
Inventories	**3**	26
Trade payables	**(1,131)**	(1,779)
Other payables	**(1,244)**	(1,257)
Cash used in operations	**(1,368)**	(4,894)
Income tax paid	**(72)**	–
Interest paid	**(24)**	(24)
Interest received	**–**	15
Net cash used in operating activities	**(1,464)**	(4,903)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	Group	
	2016	**2015**
	$'000	**$'000**
Investing activities		
Purchase of property, plant and equipment	**(10)**	(17)
Proceeds on disposal of property, plant and equipment	**93**	267
Net cash from investing activities	**83**	250
Financing activities		
Proceeds from bank loans	**500**	500
Repayment of bank loans	**–**	(540)
Repayment of obligations under finance leases	**(33)**	(33)
Restricted cash	**596**	3,806
Net cash from financing activities	**1,063**	3,733
Net decrease in cash and cash equivalents	**(318)**	(920)
Cash and cash equivalents at beginning of the year	**712**	1,593
Effect of exchange rate changes on the balance of cash and bank balances held in foreign currencies	**18**	39
Cash and cash equivalents at end of the year	**412**	712
Cash and cash equivalents consist of:		
Cash and bank balances (Note 7)	**245**	1,534
Less: Restricted cash (Note 7)	**–**	(822)
Add: Amounts included in disposal group classified held-for-sale (Note 12)	**167**	–
Cash and cash equivalents at end of the year	**412**	712

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1 GENERAL

The Company (Registration No. 198403368H) is incorporated in Singapore with its principal place of business and registered office at No. 8, Aljunied Avenue 3, Singapore 389933. The Company is listed on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are that of investment holding and property management.

The principal activities of the subsidiaries and associate are disclosed in Notes 13 and 14 to the financial statements respectively. As disclosed in Note 12, two of the subsidiaries were effectively disposed of subsequent to the year end.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on March 31, 2017.

Material Uncertainty Related to Going Concern

As at December 31, 2016, the Group and the Company have net current liabilities of S$1.6 million. The current liabilities include bank loans of $1.0 million which are contractually due within 12 months from the end of the reporting period. Should the Company be unable to rollover the existing loans or alternative re-financing of the loans be unsuccessful, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. This may impede continuation of property management operations, which is the Group's only remaining business.

Notwithstanding these conditions, the financial statements have been prepared on a going concern basis on the following assumptions:

- The property management business will generate sufficient cash flows to cover operating costs and service interest payments; and

- The lenders will be supportive of the Group continuing in business.

If the going concern assumption 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 Company and the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("**FRS**").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the Company's financial statements, investments in subsidiaries and associate are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums and discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

INVENTORIES – Inventories include raw materials, work-in-progress and finished goods and are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OTHER CURRENT ASSETS – Other assets held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT – Leasehold buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such leasehold buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of the leasehold buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold building	–	$3^1/_3$%
Plant and equipment	–	10% to $33^1/_3$%

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ASSOCIATE – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The results and assets and liabilities of associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of services is recognised as and when the services are delivered.

Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group’s and Company’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at bank and fixed deposits less restricted cash and bank overdrafts and are subject to an insignificant risk of changes in value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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.

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that have the most significant effect on the amounts recognised in the financial statements.

(i) Use of going concern assumption (Note 1)

(ii) Classification of OSEC Shipyard Pte. Ltd. and OSC Co., Ltd as a disposal group held for sale and a discontinued operation (Note 12)

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:

Carrying amount of disposal group classified as held for sale

As disclosed in Note 12, the net carrying amount of the disposal group has been reduced to nil, resulting in an impairment loss of $5.9 million, as management is uncertain of the amounts, if any, that can be recovered from the liquidation process.

Valuation of leasehold building and investment property

As described in Note 2, the Company's leasehold building is stated at its revalued amount, while its investment property is measured at fair value based on independent external valuations. The estimated values may differ from the prices at which the Company's asset could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates, such as overall market conditions, require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets in the future could differ from the estimates set forth in these financial statements. The carrying values of leasehold building and investment property are disclosed in Notes 15 and 16 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	**261**	3,340	**261**	1,342
Financial liabilities				
Amortised cost	**1,734**	11,816	**1,732**	2,299

(b) *Financial risk management policies and objectives*

(i) Foreign exchange risk management

At the reporting date, carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the group entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Euro	**–**	298	**–**	2,263
United States dollar	**–**	114	**–**	2,653
Singapore dollar	**–**	–	**–**	3,227

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk exposures internally to key management personnel is 10%, which represents management's assessment of the possible change in foreign exchange rates.

Management does not expect changes in foreign exchange rates to have significant impact on the Group's profit/loss before tax from continuing operations.

The Company does not have any significant foreign currency denominated financial instruments.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management

Management does not expect reasonably possible changes in interest rate to have a material effect in the Group's and the Company's financial results. Accordingly, no sensitivity analysis has been prepared.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposures to its counterparties are continuously monitored. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management on an on-going basis.

As of December 31, 2016 and December 31, 2015, the Group and the Company do not have any significant concentration of credit risk to any counterparty. Cash balances are held with reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

(iv) Liquidity risk management

The Group generates sufficient cash flows from the property management business to finance operating costs and interest payments. Management is confident that the lenders will be supportive of the Group continuing in business. Also see Note 1.

Apart from non-current finance lease liabilities as at December 31, 2015, which management did not consider to be material, all financial assets and liabilities are repayable on demand or within 12 months from the end of the reporting period.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 19 to the financial statements and equity attributable to owners of the Company, comprising share capital and reserves as disclosed in Notes 21 to 24 to the financial statements.

5 RELATED COMPANY TRANSACTIONS

Some of the transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, Group entities entered into the following transactions:

	Group	
	2016	**2015**
	$'000	**$'000**
Companies in which the Company's directors have a financial interest		
Fees paid to companies in which the Company's directors have a financial interest	**3**	55

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Short-term benefits	**694**	953
Post-employment benefits	**28**	30
	722	983

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

7 CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash on hand	**–**	2	**–**	1
Cash at bank	**245**	1,532	**245**	1,294
	245	1,534	**245**	1,295
Add: Cash and bank balances included in disposal group held-for-sale	**167**	–	**–**	–
Cash and bank balances in the statement of cash flows	**412**	1,534	**245**	1,295

As at December 31, 2015, the Group's and the Company's cash at bank included restricted cash of $822,000 which represented cash being withheld as retention fund as part of the disposal of the Distribution business in 2013. The restricted cash at bank bore interest at 0.5% per annum.

8 TRADE RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Outside parties	**4**	342	**4**	24
Less: Allowance for doubtful debts	**–**	(226)	**–**	–
	4	116	**4**	24
Associate (Note 14)	**–**	201	**–**	–
Less: Allowance for doubtful debts	**–**	(163)	**–**	–
	–	38	**–**	–
	4	154	**4**	24

9 OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Other receivables	**12**	1,595	**12**	22
Prepayments	**12**	21	**12**	7
Deposits	**–**	57	**–**	1
	24	1,673	**24**	30

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

10 INVENTORIES

	Group	
	2016	2015
	$'000	$'000
Raw materials, at net realisable value	–	2
Work-in-progress, at net realisable value	–	6,000
Finished goods, at net realisable value	–	134
	–	6,136

11 OTHER CURRENT ASSETS

This related to equipment held for sale as it was originally purchased for a shipbuilding contract which had been terminated. As at December 31, 2016, the equipment is part of the disposal group classified as held for sale (Note 12).

12 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

On December 12, 2016, a creditor of the Group's subsidiary, OSEC Shipyard Pte. Ltd. ("**OSEC**") filed an application with the Singapore High Court (the "**Court**") to wind up OSEC on the basis that OSEC had failed to satisfy debts of US$562,000.

On January 6, 2017, the application was heard by the Court, pursuant to which a winding up order was made against OSEC and a liquidator appointed with immediate effect. This resulted in the Group losing control of OSEC and its subsidiary OSC Co., Ltd ("**OSC**"), which constitutes an effective disposal of both entities (the Shipyard operations) subsequent to the year end.

In view of these circumstances management concluded that as at December 31, 2016, the assets and liabilities of OSEC and OSC met the definition of a disposal group held for sale, as specified in FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. In accordance with FRS 105:

- The assets and liabilities related to OSEC and OSC have been presented in the December 31, 2016 statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale".

- The net carrying amount of the disposal group has been reduced to nil, resulting in an impairment loss of $5.9 million, as management is uncertain of the amounts, if any, that can be recovered from the liquidation process.

- The results of OSEC and OSC have been presented separately on the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 as "Loss from discontinued operation, net of tax". Prior year comparatives have been re-presented accordingly.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

12 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (CONTINUED)

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	2016 $'000
Assets:	
Cash and bank balances	**167**
Trade receivables	**102**
Other receivables	**1,627**
Other assets *	**5,003**
Property, plant and equipment *	**2,146**
	9,045
Liabilities:	
Trade payables	**8,150**
Other payables	**895**
	9,045
Net assets of disposal group classified as held for sale	**–**

* Other assets and property, plant and equipment are stated net of impairment loss of $5.9 million.

The loss for the year from the discontinued operation is analysed as follows:

	2016 $'000	2015 $'000
Loss for the year	**(343)**	(8,934)
Impairment loss recognised on re-measurement of disposal group to fair value less costs to sell	**(5,901)**	–
	(6,244)	(8,934)

The results of the discontinued operation are as follows:

	2016 $'000	2015 $'000
Revenue (Note 25)	**1,902**	1,853
Cost of sales	**(2,625)**	(6,742)
Other operating income (Note 26)	**1,388**	1,029
Administrative expenses	**(884)**	(4,923)
Other operating expenses (Note 27)	**(124)**	(151)
Loss before tax	**(343)**	(8,934)
Income tax expense	**–**	–
Loss for the year	**(343)**	(8,934)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

13 SUBSIDIARIES

	Company	
	2016	**2015**
	$'000	**$'000**
Unquoted equity shares, at cost	**5,000**	5,000
Less: Impairment loss	**(5,000)**	(5,000)
Carrying amount	**–**	–

The Company's investment in OSEC Shipyard Pte. Ltd. had been fully impaired in prior periods. Management does not expect any material recovery of the investment through the liquidation process (Note 12).

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activities
		2016	**2015**	
		%	**%**	
OSEC Shipyard Pte. Ltd.(1)	Singapore	**100**	100	Ship repairs. Placed under liquidation subsequent to year end (Note 12).
Yahweh China Pte. Ltd.(2)	Singapore	**100**	100	Investment holding
Subsidiary of OSEC Shipyard Pte. Ltd.				
OSC Co., Ltd(3)	Thailand	**100**	100	Ship repairs

(1) Audited by Deloitte & Touche LLP, Singapore. Audited for group consolidation purposes only in 2016.
(2) The entity was inactive during the current and prior year.
(3) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

14 ASSOCIATE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost	**36**	36	**36**	36
Share of post-acquisition losses	**(36)**	(36)	**–**	–
Less: Impairment loss	**–**	–	**(36)**	(36)
Carrying amount	**–**	–	**–**	–

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

14 ASSOCIATE (CONTINUED)

Details of the associate are as follows:

Name of associate	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activities
		2016 %	2015 %	
OCT Co., Ltd	Thailand	**49**	49	Providing construction and repair services for marine vessels

Summarised financial information of the Group's associate, based on its unaudited management accounts, is set out below:

	2016 $'000	2015 $'000
Total assets	**13,167**	12,697
Total liabilities	**(13,610)**	(13,074)
Net liabilities	**(443)**	(377)
Revenue	**165**	210
Loss for the year	**(52)**	(103)

The Group has not recognised its share of the associate's loss for the year of $25,000 (2015: $50,000) as the cumulative share of losses exceeded the Group's interest in the associate. The cumulative losses not recognised as at December 31, 2016 amounted to $216,000 (2015: $191,000).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

15 PROPERTY, PLANT AND EQUIPMENT

	Construction in progress $'000	Leasehold building $'000	Plant and equipment $'000	Total $'000
Group				
Cost or Valuation:				
At January 1, 2015	2,707	5,091	15,182	22,980
Exchange differences	(180)	–	(513)	(693)
Additions	–	–	17	17
Reclassification	(1,922)	–	1,922	–
Disposals and write-off	(438)	–	(655)	(1,093)
At December 31, 2015	167	5,091	15,953	21,211
Exchange differences	5	–	277	282
Additions	–	–	10	10
Disposals and write-off	(17)	–	(477)	(494)
Reclassification to assets of disposal group classified as held for sale	(155)	–	(15,362)	(15,517)
At December 31, 2016	–	5,091	401	5,492
Comprising:				
December 31, 2016				
At cost	–	–	401	401
At valuation	–	5,091	–	5,091
	–	5,091	401	5,492
December 31, 2015				
At cost	167	–	15,953	16,120
At valuation	–	5,091	–	5,091
	167	5,091	15,953	21,211
Accumulated depreciation:				
At January 1, 2015	–	328	10,325	10,653
Exchange differences	–	–	(229)	(229)
Depreciation charge included in other operating expenses	–	170	183	353
Depreciation charge included in cost of sales	–	–	1,229	1,229
Eliminated on disposals and write-off	–	–	(649)	(649)
At December 31, 2015	–	498	10,859	11,357
Exchange differences	–	–	135	135
Depreciation charge included in other operating expenses	–	170	161	331
Depreciation charge included in cost of sales	–	–	1,162	1,162
Disposals and write-off	–	–	(469)	(469)
Reclassification to assets of disposal group classified as held for sale	–	–	(11,600)	(11,600)
At December 31, 2016	–	668	248	916
Carrying amounts:				
At December 31, 2016	–	4,423	153	4,576
At December 31, 2015	167	4,593	5,094	9,854

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold building $'000	Plant and equipment $'000	Total $'000
Company			
Cost or Valuation:			
At January 1, 2015	5,091	842	5,933
Additions	–	17	17
Disposals and write-off	–	(468)	(468)
At December 31, 2015	5,091	391	5,482
Additions	–	10	10
At December 31, 2016	5,091	401	5,492
Comprising:			
December 31, 2016			
At cost	–	401	401
At valuation	5,091	–	5,091
	5,091	401	5,492
December 31, 2015			
At cost	–	391	391
At valuation	5,091	–	5,091
	5,091	391	5,482
Accumulated depreciation:			
At January 1, 2015	328	644	972
Depreciation	170	35	205
Disposals and write-off	–	(468)	(468)
At December 31, 2015	498	211	709
Depreciation	170	37	207
At December 31, 2016	668	248	916
Carrying amounts:			
At December 31, 2016	4,423	153	4,576
At December 31, 2015	4,593	180	4,773

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company owns the following leasehold building:

Location	Description	Title
8 Aljunied Avenue 3 Singapore 389933	3 storey building (Lot 6023P of Mukim 24)	30 years lease commencing from September 1, 2013

A gross floor area of 2,474.7 square metres in the building is owner-occupied and classified as property, plant and equipment and stated at its revalued amount. The remaining gross floor area of 1,865.7 square metres is leased out under an operating lease, and this portion of the building is classified as investment property (Note 16).

The fair values of the Group's leasehold building at December 31, 2016 and December 31, 2015 have been determined on the basis of valuations carried out at the respective year end dates by Asian Appraisal Company Pte Ltd, an independent valuer with a recognised and relevant professional qualification and experience in the location and category of the property being valued, and not related to the Group. The fair value was determined by reference to existing use and transacted prices for similar properties, adjusted for comparability. As these adjustments constitute significant unobservable inputs, the fair value measurement of the leasehold building is categorised into Level 3 of the fair value hierarchy. There were no transfers between the respective levels during the years ended December 31, 2016 and December 31, 2015.

In estimating fair value, the highest and best use of the leasehold building is its current use. There has been no change to the valuation technique during the year.

The Group considers the comparable transacted price per square metre used by the independent valuer as sensitive to the fair value measurement. The higher (lower) the transacted price per square metre of comparable properties, ranging from $1,589 to $3,844 (2015: $1,902 to $3,750), the higher (lower) the fair value.

At December 31, 2016, had the portion of leasehold building classified as property, plant and equipment been carried at historical cost less accumulated depreciation, its carrying amount would have been approximately $449,000 (2015: $493,000).

The carrying amount of the Group's and the Company's plant and equipment includes an amount of $128,000 (2015: $160,000) that are under finance lease.

16 INVESTMENT PROPERTY

	Group and Company	
	2016	**2015**
	$'000	**$'000**
At fair value		
Balance at beginning and end of year	**3,741**	3,741

Details on the fair value measurement of the investment property are disclosed in Note 15.

The rental income from the Group's investment property is disclosed in Note 32. Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $356,000 (2015: $376,000).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

17 TRADE PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Outside parties	**143**	8,841	**143**	268

The average credit period on purchases of goods is 60 days (2015: 60 days). No interest is charged on the trade payables.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

18 OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Accrued operating expenses	**224**	1,618	**224**	1,137
Other payables	**45**	633	**43**	170
Customer deposits	**255**	120	**255**	120
Company with common director (Note 6)	**34**	38	**34**	38
	558	2,409	**556**	1,465

19 BANK LOANS

	Group and Company	
	2016	2015
	$'000	$'000
Current		
Bank loans – secured	**1,000**	500

Bank loans are arranged at fixed interest rates that ranged from 2.7% to 2.8% (2015: 2.8%) per annum with repayment terms of 6 months (2015: 6 months).

The loans are secured by mortgage over the Group's leasehold building (Note 15) and investment property (Note 16).

Management is of the view that the fair value of the loans approximates their carrying amount.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

20 DEFERRED TAX LIABILITIES

The movement for the year is as follows:

	Group and Company	
	2016	**2015**
	$'000	**$'000**
At beginning of year	**288**	411
Credit to profit or loss for the year (Note 29)	**–**	(123)
At end of year	**288**	288

The deferred tax liabilities represent mainly the tax effects of accelerated tax depreciation.

21 SHARE CAPITAL

	Group and Company			
	2016	**2015**	**2016**	**2015**
	Number of ordinary shares		**$'000**	**$'000**
Issued and paid-up:				
At the beginning of the year	**668,266,667**	668,266,667	**38,530**	38,530
Issued during the year (Note 21a)	**20,357,894**	–	**–**	–
At the end of the year	**688,624,561**	668,266,667	**38,530**	38,530

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

21A TREASURY SHARES

In 2015, the Group entered into a conditional sale and purchase agreement with an individual to acquire 51% of Allied Resources Limited (the "**Proposed Acquisition**"). The Proposed Acquisition would have given the Group access to two oilfields in Jilin, China.

During the current year, the Company issued 20,357,894 new ordinary shares to the individual as partial consideration towards effecting the Proposed Acquisition (the "**New Shares**").

Shortly thereafter, the plan for the Proposed Acquisition was terminated. As part of the termination agreement between the individual and the Group, all rights, interests and benefits of the New Shares were transferred back to the Group. Accordingly, the New Shares have been accounted for effectively as treasury shares.

As no consideration was exchanged for the issue and transfer in the arrangements above, the value of share capital remains unchanged, and no value has been allocated to treasury shares.

22 CURRENCY TRANSLATION RESERVE

The exchange differences recognized in other comprehensive (loss) income relate to the discontinued operation, and accumulated exchange differences as at December 31, 2016 are attributable to the disposal group classified as held for sale (Note 12).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

23 REVALUATION RESERVE

The revaluation reserve arises on the revaluation of property. Where revalued property is sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation reserves are not available for distribution to the Company's shareholders.

24 SHARE ISSUE RESERVE

Share issue reserve represents the costs incurred in relation to the shares issued by the Company.

25 REVENUE

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Rental income	**990**	770	**–**	–	**990**	770
Sale of goods	**–**	–	**3**	6	**3**	6
Service revenue	**–**	–	**1,899**	1,847	**1,899**	1,847
	990	770	**1,902**	1,853	**2,892**	2,623

26 OTHER OPERATING INCOME

	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Administrative & management income	**23**	23	**–**	–	**23**	23
Interest income	**–**	15	**–**	–	**–**	15
Discounts received from creditors	**–**	–	**–**	346	**–**	346
Sales of scrap	**–**	–	**–**	31	**–**	31
Write back of accruals	**674**	375	**–**	652	**674**	1,027
Foreign currency exchange gain, net	**–**	–	**1,388**	–	**1,388**	–
Others	**37**	7	**–**	–	**37**	7
	734	420	**1,388**	1,029	**2,122**	1,449

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

27 OTHER OPERATING EXPENSES

	Continuing operations		Discontinued operation		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group						
Depreciation of property, plant and equipment	**207**	205	**124**	148	**331**	353
Utilities	**6**	–	**–**	–	**6**	–
Property taxes	**54**	54	**–**	–	**54**	54
Land rent	**302**	322	**–**	–	**302**	322
Repair and maintenance	**24**	51	**–**	3	**24**	54
	593	632	**124**	151	**717**	783

28 FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group						
Interest on bank loans	**20**	20	**–**	–	**20**	20
Interest on obligations under finance lease	**4**	4	**–**	–	**4**	4
	24	24	**–**	–	**24**	24

29 INCOME TAX EXPENSE (BENEFIT)

	Continuing operations		Discontinued operation		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group						
Underprovision of current tax in prior years	**201**	–	**–**	–	**201**	–
Deferred tax credit (Note 20)	**–**	(123)	**–**	–	**–**	(123)
	201	(123)	**–**	–	**201**	(123)

Domestic income tax is calculated at 17% (2015:17%) of the estimated assessable income (loss) for the year.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

29 INCOME TAX EXPENSE (BENEFIT) (CONTINUED)

The total charge (credit) for the year can be reconciled to the accounting loss as follows:

	Group	
	2016 $'000	2015 $'000
From continuing operations		
Profit (loss) before tax from continuing operations	**221**	(657)
Income tax expense (benefit) calculated at 17% (2015: 17%)	**38**	(112)
Non taxable items – net	**(17)**	(11)
Tax exempt income	**(14)**	–
Tax rebate	**(7)**	–
Underprovision of current tax in prior years	**201**	–
	201	(123)

30 PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year from continuing operations has been arrived at after charging (crediting):

	Continuing operations		Discontinued operation		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group						
Directors' remuneration:						
Directors of the Company	**232**	297	**–**	–	**232**	297
Foreign currency exchange (gain) loss, net	**–**	5	**(1,388)**	2,731	**(1,388)**	2,736
Employee benefits expense (including directors' remuneration)	**490**	613	**578**	766	**1,068**	1,379
Cost of defined contribution plans included in employee benefits expense	**31**	29	**59**	57	**90**	86

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

31 (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

This has been calculated based on loss for the year of $6,224,000 (2015: $9,468,000) and 668,266,667 (2015: 668,266,667) shares.

From continuing operations

This has been calculated based on profit for the year of $20,000 (2015: loss for the year of $534,000) and 668,266,667 (2015: 668,266,667) shares.

From discontinued operation

Basic and diluted loss per share for the discontinued operation is 0.93 cents per share (2015: 1.34 cents per share), based on the loss for the year of $6,244,000 (2015: $8,934,000) and 668,266,667 (2015: 668,266,667) shares.

The 20,357,894 treasury shares disclosed in Note 21a have been excluded from the computations above.

32 COMMITMENTS

(i) The Group as lessor

The Group rents out its investment property in Singapore under an operating lease. Property rental income earned during the year was $990,000 (2015: $770,000). The property held has a committed tenant for the next 22 months (2015: 34 months).

At the end of the reporting period, the Group has contracted with a tenant for the following future minimum lease payments:

	Group	
	2016	**2015**
	$'000	**$'000**
Within one year	**1,020**	1,050
In the second to fifth year inclusive	**850**	1,870
	1,870	2,920

(ii) Land rent

The Group is required to pay Housing and Development Board ("**HDB**") annual land rent in respect of its leasehold building (Note 15) and investment property (Note 16).

The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year.

The land rent paid/payable to HDB for the financial year amounted to $302,000 (2015: $322,000).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

33 SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

The Group previously had two reportable segments – Property management and Shipyard operations.

In the current year, Shipyard operations have been classified as a disposal group held for sale and a discontinued operation. Further details are disclosed in Note 12.

The accounting policies of reportable segments are the same as the Group's accounting policies described in Note 2. Segment revenue represents revenue generated from external customers. Segment results represent the profit earned by each segment without allocation of interest income, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

Segment revenues and results

The Group's continuing operations relate to Property management and unallocated corporate costs of $389,000 (2015: $1,110,000). Therefore, revenue and results of Property management are discernable from the consolidated statement of profit or loss and other comprehensive income.

Revenues and results of Shipyard operations are disclosed in Note 12 as a discontinued operation.

There were no inter-segment sales during the years ended December 31, 2016 and December 31, 2015.

Segment assets and liabilities

All assets are allocated to reportable segments. All liabilities are allocated to reportable segments other than bank overdrafts and borrowings, finance leases, income tax payable, bank loans and deferred tax liabilities.

As at December 31, 2016, the assets and liabilities of the Shipyard operations segment have been classified as a disposal group classified as held for sale (Note 12).

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

33 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

	Property management $'000	Shipyard operations $'000	Total $'000
December 31, 2016			
Assets			
Segment assets	**8,596**	**9,045**	**17,641**
Unallocated other assets			**–**
Consolidated assets			**17,641**
Liabilities			
Segment liabilities	**701**	**9,045**	**9,746**
Unallocated other liabilities			**1,450**
Consolidated liabilities			**11,196**
Other information			
Capital additions	**10**	**–**	**10**
Depreciation	**207**	**1,286**	**1,493**
December 31, 2015			
Assets			
Segment assets	9,901	16,203	26,104
Unallocated other assets			–
Consolidated assets			26,104
Liabilities			
Segment liabilities	1,733	9,517	11,250
Unallocated other liabilities			854
Consolidated liabilities			12,104
Other information			
Capital additions	17	–	17
Depreciation	205	1,377	1,582

Geographical and major customer information

The Group's revenue from continuing operations is derived from Property management, which operates in Singapore. Property management revenues in 2016 and 2015 were earned from one customer.

The Group's revenue from the discontinued operation (Shipyard operations) is from Thailand and 85% (2015: 95%) was earned from one customer.

Accordingly, geographical information is presented above.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

34 NEW AND REVISED STANDARDS AND STANDARDS NOT YET EFFECTIVE

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("**INT FRS**") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material impact on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]

1 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
3 Applies to annual periods beginning on or after January 1, 2019, with early application permitted conditional upon application of FRS 115 at or before the date of initial application of FRS 116.

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the periods of their initial adoption, except for the additional disclosures in respect of the new standards and the effects of FRS 116 which may result in operating lease arrangements being recorded on the statements of financial position.

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109 that are relevant to the Group and the Company:

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

34 NEW AND REVISED STANDARDS AND STANDARDS NOT YET EFFECTIVE (CONTINUED)

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

35 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening Statement of Financial Position as at January 1, 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1, including financial effects on transition to the new framework.

SHAREHOLDERS' INFORMATION

AS AT 20 MARCH 2017

Class of shares	:	Ordinary shares
Number of issued shares	:	688,624,561*
Voting rights	:	One vote per ordinary share
Subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MARCH 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS[1]
1 – 99	2	0.07	12	0.00
100 – 1,000	296	9.99	288,933	0.04
1,001 – 10,000	894	30.16	5,144,000	0.75
10,001 – 1,000,000	1,710	57.69	201,706,410	29.29
1,000,001 and above	62	2.09	481,485,206	69.92
Grand Total	**2,964**	**100.00**	**688,624,561**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest		Total	
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]
Jeffrey Hing Yih Peir	195,000	0.03	197,350,000[2]	28.66	197,545,000	28.69

Notes:

(1) Based on the total number of issued ordinary shares of 688,624,561* as at 20 March 2017.

(2) Mr Jeffrey Hing Yih Peir is deemed interested in the following shares:

(i) 164,350,000 shares held by Phillip Securities Pte Ltd; and

(ii) 33,000,000 shares held by Pacific Alliance Asia Opportunity Fund L.P.

* 20,357,894 shares are accounted for as treasury shares. Please refer to Note 21A to the Financial Statements.

SHAREHOLDERS' INFORMATION

AS AT 20 MARCH 2017

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2017

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS(1)
1	PHILLIP SECURITIES PTE LTD	189,845,200	27.57
2	CITIBANK NOMINEES SINGAPORE PTE LTD	46,650,600	6.77
3	RAFFLES NOMINEES (PTE) LTD	34,228,100	4.97
4	OCBC SECURITIES PRIVATE LTD	13,714,300	1.99
5	MAYBANK NOMINEES (S) PTE LTD	13,256,000	1.92
6	DBS NOMINEES PTE LTD	12,428,900	1.80
7	MAYBANK KIM ENG SECURITIES PTE LTD	10,379,078	1.51
8	SHIE YONG FAH	10,100,000	1.47
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	7,875,800	1.14
10	CHUA ENG HWA	7,220,000	1.05
11	UOB KAY HIAN PTE LTD	7,200,500	1.05
12	LIM TCHEN NAN	6,500,000	0.94
13	KHO CHUAN THYE PATRICK	4,900,000	0.71
14	KOH YEW CHOO	4,318,000	0.63
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	4,090,000	0.59
16	PEY ENG CHUA	4,016,000	0.58
17	LIM MOOI NGO	4,000,000	0.58
18	TAN LYE SENG	3,915,200	0.57
19	TAN SOO CHONG	3,800,000	0.55
20	LOW BENG TIN	3,769,754	0.55
	TOTAL	**392,207,432**	**56.94**

Percentage of Shareholding in Public Hands

To the best knowledge of the Company, the percentage of the shareholding held in the hands of public as at 20 March 2017 is approximately 71.06%(1). Accordingly, the Company complies with Catalist Rule 723 of the Listing Manual.

Note:

(1) Based on the total number of issued ordinary shares of 688,624,561* as at 20 March 2017.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of OEL (Holdings) Limited (the "**Company**") will be held on Wednesday, 26 April 2017 at 10.00 a.m. at No. 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Auditor's Report and Audited Financial Statements for the year ended 31 December 2016. **Resolution 1**

2. To re-elect Mr Renny Yeo Ah Kiang, a Director retiring pursuant to Article 87 the Company's Constitution. *[See Explanatory Note (a)]* **Resolution 2**

3. To approve the payment of Directors' fees of up to S$90,000 for the year ending 31 December 2017, to be paid quarterly in arrears. (2016: up to S$250,000) **Resolution 3**

4. To re-appoint Deloitte & Touche LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. **Resolution 4**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions:

5. SHARE ISSUE MANDATE **Resolution 5**

"That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Section B: Rules of Catalist (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (i) new Shares arising from the conversion or exercise of any convertible securities;

   (ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Note (b)]*

By Order of the Board

Tan Ching Chek and Teo Ah Hiong
Joint Company Secretaries

10 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Mr Renny Yeo Ah Kiang will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and Remuneration Committee, and a member of the Nominating Committee. Mr Renny Yeo Ah Kiang is considered by the Board of Directors as an Independent Director for the purposes of Rule 704(7) of the Catalist Rules.

(b) The Ordinary Resolution 5 proposed in item 5 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments (such as options, warrants and debentures) convertible into shares, and to issue shares pursuant to such instruments, for such purposes as they consider would be in the interests of the Company, up to a number not exceeding in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(ii) A proxy need not be a member of the Company.

(iii) If a proxy is to be appointed, the instrument of proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02,Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting.

(iv) The instrument of proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of joint shareholders, all holders must sign the instrument of proxy.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.*

This notice has not been examined by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

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

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

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

ANNUAL GENERAL MEETING

PROXY FORM
(Please read notes overleaf before completing this form)

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (the "**Act**"), may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy OEL (Holdings) Limited shares, this Proxy Form is not valid for use by them and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2017.

I/We ______________________ (Name), ______________________ (NRIC/Passport Number/Company Registration Number) of ____ (Address)
being a member/members of OEL (Holdings) Limited (the "**Company**") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company (the "**Meeting**") to be held on Wednesday, 26 April 2017 at 10.00 a.m. at No. 8 Aljunied Avenue 3, Oakwell Building, Singapore 389933 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

NO.	**RESOLUTIONS**	**FOR**	**AGAINST**
	ORDINARY BUSINESS		
1.	To adopt the Directors' Statement, Auditor's Report and Audited Financial Statements		
2.	To re-elect Mr Renny Yeo Ah Kiang, a Director retiring under Article 87 of the Company's Constitution		
3.	To approve Directors' Fees		
4.	To re-appoint Deloitte & Touche LLP as Auditor and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
5.	To approve the Share Issue Mandate		

Voting will be conducted by poll. If you wish to exercise all your votes For or Against, please tick with '√'. Alternatively, please indicate the number of votes For or Against each resolution.

Dated this __________ day of ________________ 2017.

Total Number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal of Corporate Shareholder

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

2. A proxy need not be a member of the Company.

3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time appointed for holding the Meeting.

6. The instrument appointing a proxy or representative for any member shall be in writing and shall (in the case of an individual appointor) be signed by the appointor or his attorney or, (if the appointor is a corporation) be under its seal or signed by its attorney.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member of the Company may by resolution of its directors or other governing body authorise any person to act as its representative at the meeting, in accordance with Section 179 of the Act.

General:

The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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OEL (HOLDINGS) LIMITED

Registration No. 198403368H
No. 8 Aljunied Ave 3, Oakwell Building, Singapore 389933
Tel: 6551 3509 Fax: 6747 1832