OEL (HOLDINGS) LIMITED
(Company Registration No. 198403368H)
(Incorporated in Singapore)

EMPHASIS OF MATTERS BY THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors of OEL (Holdings) Limited (the "**Company**") wishes to announce that the Company's Independent Auditors, Messrs Deloitte & Touche LLP, have included "Emphasis of Matters" in their Independent Auditors' Report in respect of the Company's financial statements for the year ended 31 December 2015 (the "**Financial Statements**").

The Emphasis of Matters included by Deloitte & Touche LLP do not constitute a modified opinion to the Financial Statements.

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

The Independent Auditor’s Report and the Financial Statements will form part of the Company’s Annual Report for FY2015 (the “**FY2015 Annual Report**”) which will be dispatched to the shareholders of the Company (the “Shareholders”) in due course.

Shareholders are advised to read the Independent Auditors' Report and the FY2015 Annual Report in their entirety and to read this announcement in conjunction with the Independent Auditors' Report and the FY2015 Annual Report.

<u>OPINION ON EMPHASIS OF MATTERS</u>

The auditors highlighted in their Independent Auditors’ Report that the points below indicate the existence of material uncertainties that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern.

Nevertheless, the Directors of the Company are of the view that it is appropriate for the Financial Statements of the Company and the Group to be prepared on a going concern basis. The Company wishes to make the following statements with regards to the Emphasis of Matters in the Independent Auditors' Report.

1. **The Group incurred net losses from its continuing operations of $9.5 million and $20.5 million for the years ended December 31, 2015 and December 31, 2014, respectively, and the Company incurred net losses of $12.0 million and $32.4 million for the years ended December 31, 2015 and December 31, 2014, respectively. As at December 31, 2015, the Group has net current assets of $0.7 million, comprising total current assets of $12.5 million, of which $9.0 million relates to other assets held for sale and inventories previously under arbitrations, and total current liabilities of $11.8 million. The Company has net current liabilities of $0.9 million as at December 31, 2015. The financial statements have been prepared on a going concern basis which contemplating the realisation of assets and the satisfaction of liabilities in the normal course of business.**

   After reviewing the business plans and cash flow forecasts of the Company and the Group for the financial year ending December 31, 2016, the Directors believe that the Company and the Group are able to continue as a going concern in the foreseeable future and will be able to realise their assets and discharge their liabilities in the normal course of business as:

   - Management is evaluating various strategies to improve the operating and financial position of the Company and the Group. One of the strategies is to continuously streamline its Shipyard operations by focusing on ship repairs and increasing trading activities.

- Undrawn banking facilities are available to provide funding for the operations of the Company and the Group.

- Additional cash flow is expected to be generated from the disposal of the other current assets and inventories.

- Management is exploring new business ventures or opportunities such as the proposed acquisition of the oil and gas business venture in China in order to expand the Group's business activities. On June 30, 2015, the Company had entered into a conditional sale and purchase agreement with a third party to acquire certain issued share capital of Allied Resources Limited, together with Jilin Hengli Industries Liability Co., Ltd and Qian An Oilfield Development Co., Ltd with the completion not later than October 31, 2015 (the "long stop date"). The long stop date has been extended to May 31, 2016.

2. A claim has been filed by Bangkok Dock Company Limited ("BDC") in Thailand against OCT Co. Ltd. ("OCT"), an associated company of the Group in relation to a lease agreement entered into between BDC and OCT for the use of the Mahidol Adulyadej Royal Navy Dock, Thailand (the "Shipyard"). OCT sub-leases the Shipyard to OSC Co. Ltd, a wholly-owned subsidiary of the Group for its operations in the Shipyard. Management is of the view that the claim by BDC will not have a material adverse impact on the financial position and financial performance of the Group. If the outcome of the claims is not favorable to the associated company, the Group's Shipyard operations may be significantly impacted.

The Group's legal counsel has advised that the claim is baseless and that BDC is not entitled to any claim at all. Accordingly, management is of the view that the claim by BDC will not have a material adverse impact on the financial position and financial performance of the Group, hence no provision is recorded in these financial statements.

Based on the above, the Board is of the view that the Group is able to continue as going concern, and that the financial statements have been prepared on the basis that the Group will continue as a going concern.

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

By Order of the Board

Chang Ai Ling
Company Secretary
31 March 2016

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

The details of the contact person for the Sponsor are:-
Name : Mr Tan Chong Huat (Registered Professional, RHT Capital Pte. Ltd.)
Address : Six Battery Road, #10-01, Singapore 049909
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of OEL (Holdings) Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 85.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards 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.

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OEL (HOLDINGS) LIMITED

Emphasis of Matters

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

(i) The Group incurred net losses from its continuing operations of $9.5 million and $20.5 million for the years ended December 31, 2015 and December 31, 2014, respectively, and the Company incurred net losses of $12.0 million and $32.4 million for the years ended December 31, 2015 and December 31, 2014, respectively. As at December 31, 2015, the Group has net current assets of $0.7 million, comprising total current assets of $12.5 million, of which $9.0 million relates to other assets held for sale and inventories previously under arbitrations (Note 38), and total current liabilities of $11.8 million. The Company has net current liabilities of $0.9 million as at December 31, 2015. The financial statements have been prepared on a going concern basis which contemplating the realisation of assets and the satisfaction of liabilities in the normal course of business. Details are set out in Notes 1 and 3 to the financial statements.

(ii) A claim has been filed by Bangkok Dock Company Limited ("BDC") in Thailand against OCT Co. Ltd. ("OCT"), an associated company of the Group in relation to a lease agreement entered into between BDC and OCT for the use of the Mahidol Adulyadej Royal Navy Dock, Thailand (the "Shipyard"). OCT sub-leases the Shipyard to OSC Co. Ltd, a wholly-owned subsidiary of the Group for its operations in the Shipyard. Management is of the view that the claim by BDC will not have a material adverse impact on the financial position and financial performance of the Group. If the outcome of the claims is not favorable to the associated company, the Group's Shipyard operations may be significantly impacted. Details are set out in Note 39 to the financial statements.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

DELOITTE & TOUCHE LLP
Public Accountants and
Chartered Accountants
Singapore

March 31, 2016

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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 associates are disclosed in Notes 13 and 14 to the financial statements respectively.

Going Concern Assumption

The Group incurred net losses from its continuing operations of $9.5 million and $20.5 million for the years ended December 31, 2015 and December 31, 2014, respectively, and the Company incurred net losses of $12.0 million and $32.4 million for the years ended December 31, 2015 and December 31, 2014, respectively. As at December 31, 2015, the Group has net current assets of $0.7 million, comprising total current assets of $12.5 million, of which $9.0 million relates to other assets held for sale and inventories previously under arbitrations (Note 38), and total current liabilities of $11.8 million. The Company has net current liabilities of $0.9 million as at December 31, 2015.

The matters set out in the paragraph above and in Note 39 indicate the existence of material uncertainties that may cast significant doubt on the Company's and the Group's ability to continue as a going concern, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the directors of the Company are of the view that it is appropriate for the financial statements of the Company and the Group to be prepared on a going concern basis. After reviewing the business plans and cash flow forecasts of the Company and the Group for the financial year ending December 31, 2016, the directors believe that the Company and the Group are able to continue as a going concern in the foreseeable future and will be able to realise their assets and discharge their liabilities in the normal course of business as:

- Management is evaluating various strategies to improve the operating and financial position of the Company and the Group. One of the strategies is to continuously streamline its Shipyard operations by focusing on ship repairs and increasing trading activities.

- Undrawn banking facilities are available to provide funding for the operations of the Company and the Group.

- Additional cash flow is expected to be generated from the disposal of the other assets held for sale (Note 10) and inventories (Note 12).

- Management is exploring new business ventures or opportunities such as the proposed acquisition of the oil and gas business venture in China in order to expand the Group's business activities. On June 30, 2015, the Company had entered into a conditional sale and purchase agreement with a third party to acquire certain issued share capital of Allied Resources Limited, together with Jilin Hengli Industries Liability Co., Ltd and Qian An Oilfield Development Co., Ltd with the completion not later than October 31, 2015 (the "long stop date"). The long stop date has been extended to May 31, 2016.

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, 2015 were authorised for issue by the Board of Directors on March 31, 2016.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

There are no critical judgements, apart from those involving going concern (see Note 1) and estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(II) *Key sources of estimation uncertainty*

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

(a) Allowances for other assets held for sale and inventories

At the end of the reporting period, the Group reviews the carrying value of their other assets held for sale and inventories to ensure that they are stated at the lower of cost and net realisable value. Management has engaged independent valuers to determine fair market value of those assets using Cost of Replacement – New and Fair Market Value methods. In assessing net realisable value and making appropriate allowances, management also considered their physical conditions and market conditions for similar assets. Based on the assessment, allowance of $4.0 million (2014: $4.0 million) has been recorded at December 31, 2015 for inventories. No allowance is considered necessary for other assets held for sale. The carrying amounts of assets held for sale and inventories at the end of the reporting period are disclosed in Notes 10 and 12 respectively.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

(b) Shipyard operations

In 2015, the Group's Shipyard operations incurred a loss of $8.9 million (2014: $21.1 million) and has total assets of $16.2 million (2014: $25.0 million) which comprise the following:

(i) Inventories of $6.1 million (2014: $6.2 million);
(ii) Other assets held for sale of $3.0 million (2014: $Nil);
(iii) Plant and equipment of $5.1 million (2014: $7.4 million);
(iv) Trade and other receivable of $1.8 million (2014: $11.2 million); and
(v) Cash of $0.2 million (2014: $0.2 million).

In complying with FRS 36, management has reviewed the carrying amounts of its Shipyard operations assets to determine whether they have suffered an impairment loss taking into account their recoverable amount based on fair value less costs of disposal.

In relation to items (i) to (iii), management has engaged independent valuers to determine fair market value of those assets using Fair Market Value method. In deriving at the fair market value, the valuers have given consideration to Cost of Replacement – New which is the estimated amount to replace the assets in accordance with current market prices for materials, labour, manufactured equipment, freight, installation and other related costs, accrued depreciation based on straight line method, extent, character, age and utility of the assets and cost of similar new equipment on the market. These estimated market values may differ from the prices at which the Group's assets can be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers.

Please see Note 3II(c) for allowance for bad and doubtful debts for trade and other receivables.

Based on the assessment, management is satisfied that no additional impairment is required. The carrying amount of the Shipyard operations assets at the end of the reporting period is disclosed in Note 41.

(c) Allowances for bad and doubtful debts

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

(d) Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amounts of the investments. The recoverable amounts are determined based on net asset value of respective investment, which approximate the fair value less costs of disposal. The carrying amounts of investments in subsidiaries in the Company's financial statements at the end of the reporting period are disclosed in Note 13.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

(e) Fair value of leasehold building and investment property

As described in Note 2, the Company's leasehold building and investment property are stated at fair value, as determined by independent valuers. These estimated market 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 require an assessment of factors not within management's control, such as overall market conditions. 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 16 and 17 to the financial statements.

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	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	3,340	18,691	1,342	15,369
Financial liabilities				
Amortised cost	11,816	20,131	2,299	4,394

(b) *Financial risk management policies and objectives*

The Group's financial instruments comprise borrowings, finance leases, bank loans and cash and bank balances. It is management's intent to maintain a balanced portfolio of financial instruments to finance the Group's operations. The Group also has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

The Group does not hold or issue derivative financial instruments for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

38 ARBITRATION

At December 31, 2014, the Group had on-going arbitration proceedings with the following third parties and update for the current year is set up below:

(a) BW Marine Cyprus Limited ("BW Marine") had brought an arbitration in relation to a construction contract for two split hopper barges which are included in inventories. The claim was mainly for the refund of amounts paid under the contract which were provided for by the Group, the return of equipment and damages for the Group's failure to complete the works under the contract. The Group was seeking an order that BW Marine execute a deed of transfer for the transfer of title in the split hopper barges to the Group as well as indemnity.

During the financial year, the Tribunal issued a final award, ordering amounts and costs payable by the Group to BW Marine and on payment of the amounts and costs by the Group, BW Marine must immediately transfer title in the 2 split hopper barges to a subsidiary of the Group. The amounts $1,256,000 and Euro 569,000 ($820,000) have been paid to BW Marine and recognised in these financial statements.

(b) Fugro Australis Pty Ltd ("FAPL") in relation to a shipbuilding contract ("SBC") entered into between FAPL and a subsidiary of the Group. The subsidiary had claimed *inter alia*, for (i) a declaration that FAPL's termination of the SBC on August 28, 2013 is wrongful and in breach of the SBC; and (ii) damages as a result of FAPL's breach to be assessed.

During the financial year, the Tribunal delivered the final award (save as to costs) awarding the subsidiary nominal damages for FAPL's wrongful termination of the SBC and dismissing FAPL's counterclaim. Subsequently, the Tribunal also delivered its final award on costs, stating that neither the Company nor FAPL would be entitled to claim their respective costs from each other, and that the Tribunal's costs were to be shared equally between the Company and FAPL. Upon the finalisation of the arbitration, the respective parent company guarantees provided by the Company and Fugro NV were no longer in force and project costs written off of $3,200,000 were recorded in the consolidated profit or loss.

(c) Fr. Fassmer GmbH & Co. KG ("Fassmer") in relation to a cooperation agreement entered into between a subsidiary of the Group and Fassmer ("Cooperation Agreement"). The subsidiary had claimed *inter alia*, for compensation arising from Fassmer's repeated breaches of the terms of the Cooperation Agreement. The subsidiary and Fassmer have reached a settlement in respect of this matter, and the Tribunal has since also issued its final award on costs payable to the subsidiary. Given this, the arbitration has come to an end. The net recovery from arbitration of $771,000 is included in other operating income for the year ended December 31, 2014 (Note 28).

39 CONTINGENT LIABILITIES

A claim has been filed by Bangkok Dock Company Limited ("BDC") in Thailand against OCT Co., Ltd. ("OCT"), an associated company of the Group in relation to a lease agreement entered into between BDC and OCT for the use of the Mahidol Adulyadej Royal Navy Dock, Thailand (the "Shipyard"). OCT sub-leases the Shipyard to OSC Co., Ltd, a wholly-owned subsidiary of the Group for its operations in the Shipyard. The Group's legal counsel has advised that the claim is baseless and that BDC is not entitled to any claim at all. Accordingly, management is of the view that the claim by BDC will not have a material adverse impact on the financial position and financial performance of the Group, hence no provision is recorded in these financial statements.