

CIRCULAR DATED 5 JUNE 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by OEL (Holdings) Limited (the “Company”). If you are in any doubt about this Circular, or the action you should take, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through the Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Circular, the enclosed Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

This Circular 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 Circular, including the correctness of any of the figures used, statements or opinions made. The contact person for the Sponsor is Mr Tan Chong Huat, Registered Professional (Contact No. +65 63816757).

OEL (Holdings) Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198403368H)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE BUSINESS SCOPE OF THE GROUP TO INCLUDE THE MINERAL, OIL AND GAS BUSINESS

IMPORTANT DATES AND TIMES:

Latest Date and Time for Lodgement of Proxy Form	:	21 June 2015 at 3.00 p.m.
Date and Time of Extraordinary General Meeting	:	23 June 2015 at 3.00 p.m.
Place of Extraordinary General Meeting	:	No. 8 Aljunied Ave 3 Oakwell Building Singapore 389933

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated.

Companies, Organisations and Agencies

“Allied Resources”	:	Allied Resources Limited (泓资有限公司)
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	OEL (Holdings) Limited
“Group”	:	The Company and its Subsidiaries
“Hengli”	:	Jilin Hengli Industries Liability Co., Ltd (吉林恒利实业有限责任公司)
“Huaying”	:	Zhaodong Huaying Oil Drilling Technology Services Co, Ltd. (肇东华菱油田钻采技术服务有限公司)
“PetroChina”	:	PetroChina Company Limited (中国石油天然气股份有限公司)
“SAO”	:	Sino Australia Oil and Gas Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Qian An”	:	Qian An Oilfield Development Co., Ltd. (乾安石油开发有限责任公司)
“Yingli”	:	Songyuan Ying Li Integrated Services Co., Ltd. (松原盈利综合服务有限公司)

General

“Act”	:	Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Articles”	:	The Articles of Association of the Company
“Board”	:	The board of directors of the Company
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	SGX-ST Listing Manual Section B: Rules of Catalist, as from time to time amended, modified or supplemented
“Circular”	:	This circular to Shareholders dated 5 June 2015
“Director(s)”	:	The director(s) of the Company, for the time being

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on page 28 of this Circular
“FY”	:	The financial year ended or ending 31 December
“Latest Practicable Date”	:	28 May 2015, being the latest practicable date prior to the printing of this Circular
“Memorandum”	:	The Memorandum of Association of the Company
“MOG”	:	Mineral, oil and gas
“MOG Business”	:	The mineral, oil and gas business proposed to be undertaken by the Group, which is more particularly described in Section 2.2.1 of the Circular
“Notice of EGM”	:	The Notice of EGM as set out on page 28 of this Circular
“Ordinary Resolution”	:	The ordinary resolution as set out in the Notice of the EGM
“PRC” or “China”	:	The People’s Republic of China, Hong Kong Special Administrative Region and the Macau Special Administrative Region for the purposes of this Circular and for geographical reference only
“Property Management Business”	:	The business of the Company in the leasing of its properties for rental income
“Proposed Diversification”	:	The proposed diversification of the Group’s business scope to include the MOG Business
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Share(s)”	:	Ordinary share(s) in the capital of the Company
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares
“Shipyard Operations Business”	:	The business of the Company in shipyard operations, including repairs, outsourcing and other services

DEFINITIONS

- “Subsidiary” : A subsidiary company as defined in Section 5 of the Companies Act
- “Substantial Shareholder” : A person (including a corporation) who holds (directly or indirectly) not less than five per cent (5%) of the total votes attached to all the voting Shares in the Company

Currencies and Units

- “S\$” and “cents” : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
- “%” or “per cent.” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Certain names with Chinese characters have been translated into English names for the convenience of Shareholders. Such translations may not be recognised with the relevant PRC authorities and should not be construed as representing the Chinese characters. In the event of any inconsistency between the official Chinese names and the translated English names, the official Chinese names shall prevail.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

LETTER TO SHAREHOLDERS

OEL (HOLDINGS) LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198403368H)

Directors

Low Beng Tin (Chairman and Managing Director)
Jeffrey Hing Yih Peir (Non-Executive Director)
Renny Yeo Ah Kiang (Lead Independent Director)
Bernard Tay Ah Kong (Independent Non-Executive Director)
Lai Kwok Seng (Independent Non-Executive Director)

Registered Office

No. 8 Aljunied Ave 3
Oakwell Building
Singapore 389933

To: The Shareholders of OEL (Holdings) Limited

Date: 5 June 2015

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The Directors are proposing to convene the EGM to be held on 23 June 2015 at 3 p.m. at No. 8 Aljunied Ave 3, Oakwell Building, Singapore 389933 to seek Shareholders' approval for the Proposed Diversification.
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information pertaining to, and to explain the rationale for the Proposed Diversification and to seek Shareholders' approval by way of Ordinary Resolutions at the EGM to be convened. The Notice of EGM is set out on page 28 of this Circular.
- 1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. THE PROPOSED DIVERSIFICATION

2.1 EXISTING BUSINESS OF THE GROUP AND BACKGROUND INFORMATION

The Group's existing business is organized into the following business segments:

(a) Shipyard Operations Business

At present, the Group is principally engaged in its Shipyard Operations Business. The Shipyard Operations Business comprises mainly the operation of a shipyard in Sattahip, Thailand, which focuses on ship repair and other services.

(b) Property Management Business

The Group has leased its property in Singapore located at No. 8 Aljunied Avenue 3, Singapore 389933 and is deriving rental revenue from the lease of its property.

Following the completion of the disposal of the Company's and Group's distribution business (the "**Distribution Business**") on 31 October 2013 for a base consideration of S\$70 million, and completion of the partial disposal of the Company's and the Group's biofuel business for a consideration of S\$1.53 million on 24 October 2014 which reduced the Group's equity interest to 25% from 51% and the subsequent rights

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issue undertaken by the biofuel business which further diluted the Group's equity interest from 25% to 0.5%, the Group's remaining core businesses comprise the Shipyard Operations Business and Property Management Business and it has been the intention of the Directors to diversify the businesses of the Group.

In their continued search for a new business to revitalise the Group and to bring in more revenue and income streams, the Directors have been exploring opportunities in the mining, oil and gas industry. Subject to the approval of Shareholders being obtained at the EGM, the Company proposes to diversify its business to include the MOG Business.

2.2 DETAILS OF THE MOG BUSINESS

2.2.1 Following the receipt of Shareholders' approval, the Group proposes to undertake the following activities in respect of the MOG Business:

(a) Investments in projects and companies involved in development and production of MOG resources

The Group intends to acquire and hold stakes in selected projects and companies which are developing and/or producing their MOG resources and have the potential to become substantial projects or companies. Such stakes may be significant minority or majority stakes. Projects and companies invested in by the Group may be engaged in limited exploration activities.

(b) Development and production of MOG resources

The Group intends to become directly involved in the management of the business and operations of development and/or production projects or companies to substantially enhance the value of such projects or companies and the underlying MOG resources.

The involvement of the Group will include (but will not be limited to) the following:

- (i) establishing feasible or optimal plans for project development and expansion; and
- (ii) identifying and resolving any problems in the extraction programs or production methodology.

The Group does not intend for the MOG Business to be restricted to any geographical area or the type of MOG resource.

However, as a first step towards the diversification of the business scope of the Group to include the MOG Business, the Company intends to venture into the MOG Business in China.

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2.2.2 Proposed Investments in the MOG Industry

On 23 September 2014, the Company announced that it has entered into a non-binding memorandum of understanding (the “**Memorandum of Understanding**”) with Shao Tian Peng (邵天朋) (the “**Vendor**”) in relation to the acquisition of Allied Resources, Hengli and Qian An (collectively, “**Target Group**”), through the acquisition (“**Proposed Acquisition**”) of such number of shares representing of between 60% and 100% of the entire issued share capital of Allied Resources. Allied Resources holds all of the issued equity in Hengli, which in turn holds 50% of the equity interest in Qian An. Both Allied Resources and Hengli are investment holding companies while Qian An is principally engaged in the exploitation, development and production of oil and natural gas from two oilfields in Jilin, China. On 5 February 2015, the Company agreed with the Vendor to extend the validity of the MOU for five (5) months from 23 January 2015. The Company also announced, on 30 April 2015, that it has entered into a Supplemental Agreement to the MOU (“**Supplemental Memorandum of Understanding**”) with the Vendor, which amongst others, provides that (i) the Company intends to, through a wholly owned subsidiary of the Company to be established, acquire 51% of the entire issued share capital of Allied Resources, subject to the entry into of the definitive agreements, and (ii) the validity of the MOU shall be extended for six (6) months from 23 January 2015.

Based on information provided by the Vendor, the two oilfields (“**Oilfields**”) operated by Qian An cover two formations namely Qianshen-12 and Qian-209, encompassing a total area of approximately 15 square kilometers and have over 100 producing and suspended wells and related facilities in the Qian An, Jilin area of the PRC with an average combined production of approximately 431.59 barrels of oil per day for the period 1 October 2014 to 31 December 2014.

The relevant exploration and exploitation rights over the Oilfields belong to PetroChina, which holds 50% interests of Qian An. The duration of the joint venture agreement (“**JVA**”) between Hengli and PetroChina over the Oilfields is from 1 November 2002 to 19 December 2016.

As set out in the Supplemental Memorandum of Understanding, the Company intends to acquire 51% of the entire issued share capital of Allied Resources, subject to the entry into of the definitive agreements, for a consideration (“**Consideration**”) of approximately S\$19.9 million, in cash and shares, with the number of shares to be issued constituting less than 15% of the enlarged issued share capital in the Company.

As set out in the Supplemental Memorandum of Understanding, the Consideration will be satisfied in two tranches, comprising:

- (a) an initial tranche comprising 60% of the aggregate consideration in the amount of approximately S\$11.9 million, of which approximately S\$10.0 million, payable in tranches, will be payable in cash and approximately S\$1.9 million will be payable by the issue to the Vendor of approximately 20.4 million new shares in the Company, will be paid upon completion of the transfer of such number of shares in Allied Resources as shall constituted 51% of the issued share capital in Allied Resources, and

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- (b) subject, amongst others, to the extension of the JVA, on terms acceptable to the Company, to the year 2036 or such other period as agreed by the Company, a further tranche comprising the balance 40% of the aggregate consideration in the amount of approximately S\$8.0 million, of which approximately S\$1.9 million will be payable in cash and approximately S\$6.0 million will be payable by the issue to the Vendor of approximately 63.4 million new shares in the Company.

As set out in the Supplemental Memorandum of Understanding, the Company further intends to require, as a term of the Proposed Acquisition, that if the further tranche payment is not made due to the non-extension of the JVA, the Company shall be entitled in its discretion, by notice to the Vendor to either unwind the Proposed Acquisition and the repayment by the Vendor of the Consideration on such terms and in such manner as the Company deems fair and equitable; or adjust the Consideration payable in such manner as the Company deems fair and equitable taking into account the difference in valuation of the Target Group to be undertaken at such time by a valuer appointed by the Company, as compared to the value (as then determined by the valuer) of the Target Group had the JVA been extended in the manner set out above.

It is expected that the Proposed Acquisition will not constitute a “major transaction” as defined under the Catalist Rules. Upon approval of the Shareholders to the Proposed Diversification, the Proposed Acquisition will therefore not be subject to approval of shareholders.

2.2.3 Compliance with Mineral, Oil and Gas Rules

Under Practice Note 4C of the Catalist Rules, where the mineral, oil and gas activity of the Group, based on the Company’s latest audited consolidated financial statements: (i) represents 50% or more of the total assets, revenue or operating expenses of the Group; or (ii) is the single largest contributor based on any of the tests in (i), the Company may be considered to be principally in the business of exploration for or extraction of mineral, oil or gas assets. The Company will announce when any of the above situations occurs, and will thereafter comply with all the continuing listing rules in the Catalist Rules applicable to mineral, oil and gas companies.

2.3 RATIONALE FOR THE PROPOSED DIVERSIFICATION

2.3.1 Potential in the Growing MOG Business

The Company has identified the MOG Business as a business activity which will provide the Group with sustainable and long term prospects of profitability and growth for the Group, as the rising global population, and the increasing industrialisation and urbanisation and rising income levels in emerging economies (particularly, in the PRC) will continue to fuel demand for minerals and energy resources in the foreseeable future.

2.3.2 The MOG Business Diversifies the Group’s Risk and Provides New Income Stream

The Group has recorded a net loss in FY2014. As at the Latest Practicable Date, the Group’s principal businesses comprise the Shipyard Operations Business and Property Management Business. The industry its Shipyard Operations Business is in remains competitive and challenging. The Board believes that the Proposed Diversification would allow the Group to have better prospects of profitability and ensure longer-term growth. The Proposed Diversification would provide the Group with diversified returns and would

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contribute an additional stream of revenue and earnings for the Group. This would enable the Group to extend its revenue base so that it is not dependent entirely on its Shipyard Operations Business and Property Management Business for its revenue. By diversifying its business to include the MOG Business, the Group will be able to tap on the oil and gas markets and have access to new business opportunities.

2.4 FINANCIAL EFFECTS OF THE PROPOSED DIVERSIFICATION

The Proposed Diversification is not, prior to the acquisition of a MOG company or asset, expected to have a significant financial impact on the Group's net tangible asset per Share and earnings per Share for FY2015.

2.5 MANAGEMENT OF THE MOG BUSINESS

The MOG Business will be overseen by the Board.

The Group recognises that the MOG Business is different from the Shipyard Operations Business and Property Management Business and that the current management of the Group may not have direct relevant experience and expertise in the MOG Business. The Group will evaluate the manpower and expertise required to carry out the MOG Business and hire more personnel with suitable expertise and experience to support the growth of the MOG Business. The Group's management team may also, where appropriate, seek the advice of external industry experts when making decisions in respect of the MOG Business.

As set out in the Supplemental Memorandum of Understanding, the Company intends to require, as a term of the Proposed Acquisition, that the Vendor enter into a service agreement with the Company. In addition, it is also a term of the Supplemental Memorandum of Understanding that the Vendor shall be entitled to nominate two persons to the Board of Directors of the Company upon completion of the Proposed Acquisition and that if required by the Company, the Vendor and such proposed directors shall enter into service agreements with the Company prior to the completion of the Proposed Acquisition.

The Vendor has informed the Company that he has over 14 years of experience in the oil and gas industry, has experience dealing in the various phases of the MOG Business, such as exploration, design, and construction of oil exploration projects, and has held both technical and general management positions in various companies, including being the general manager of Daqing Zhongguan Science and Technology Co., Ltd, a company related to the Daqing Oilfield, which is a prominent subordinate of China National Petroleum Corporation. The Vendor has further informed the Company that he is currently the largest shareholder and a consultant of Sino Australia Oil and Gas Ltd. ("**SAO**"), a company listed on the Australian Stock Exchange and in the business of providing enhanced oil recovery technology services and underground work consultations to oil and gas drilling enterprises in the PRC, and the managing director of Zhaodong Huaying Oil Drilling Technology Services Co, Ltd. ("**Huaying**"), the Chinese operating entity and wholly owned subsidiary of SAO.

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2.6 FINANCING THE MOG BUSINESS

The Group plans to finance the MOG Business using a combination of internal funds, bank borrowings as well as working with joint venture partners who will be able to provide funding for projects. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets such as placements, capitalisation exercises and convertible instruments.

With the exception of S\$0.6 million as at 31 December 2014, the Group has no other bank borrowings. Hence, there is sufficient headroom for debt-financing, as required. The Group's consolidated cash and cash equivalent as at 31 December 2014 was approximately S\$6.2 million and the market capitalisation as at the Latest Practicable Date was S\$22.0 million.

2.7 RISK FACTORS

The following is a list of key risk factors that are associated with the proposed diversification into the MOG Business. Shareholders should carefully consider and evaluate the following risk factors and all other information contained in this Circular before deciding on whether to vote in favour of the Proposed Diversification.

The risks described below are not intended to be exhaustive. There may be additional risks not presently known to the Company or are currently not deemed to be material. If any of the following considerations and uncertainties develops into actual events, the business, results of operations, financial condition and prospects of the Company could be materially and adversely affected.

Risks Associated with the Proposed Diversification

(i) The Group will be subject to inherent risks associated with the MOG Business

Identifying MOG projects or companies that will become successful is difficult and the success of such projects or companies will be subject to many factors over which the Group may have limited or no control.

Notwithstanding the amount of due diligence that may be carried out by the Group, a project or company may nevertheless fail for a variety of reasons. Investment, projects or companies will be subject to changes in the economic climate, technology and competition and to potential management inefficiencies.

Moreover, the projects undertaken or the shares of companies acquired by the Group could be adversely affected by changes in the general economic climate or economic factors affecting a particular industry, changes in tax laws or specific developments within such companies.

In addition, such projects or companies may be engaged in highly competitive industries and in some cases dominated by others with substantially greater financing and technical resources than the investee companies.

The performance of the Group is dependent on the Group's ability to make the right decisions and to undertake projects or invest in investee companies which are able to provide the Group with satisfactory returns within acceptable timeframes.

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However, as all business and investment decisions are a matter of subjective judgment, there is no assurance that the Group will be able to make the right decisions in a timely manner all or most of the time.

(ii) *The Company has no prior track record or experience in the MOG Business*

The Group does not have a proven track record and the current management of the Group may not have the relevant experience and expertise required in the carrying out or implementation of the MOG Business. As the MOG Business is a new area of business to the Company, the Company will face the usual risks, uncertainties and problems associated with the entry into any new business which it has no prior or extensive experience or track record in. These risks, uncertainties and problems include, among others, the inability to find the suitable joint venture, strategic or other business partners, the inability to manage the expanding operations and costs, failure to provide the results, level of revenue and margins the Company is expecting, and failure to identify, attract, retain and motivate qualified personnel. There is no assurance that the Group will be able to ensure success and profitability of the MOG Business and any failure in execution of the MOG Business could materially and adversely affect the Group's financial performance and financial position.

(iii) *The MOG Business requires substantial capital expenditure and investment cost and Group may be faced with limited availability of funds and is subject to financing risks*

The MOG Business is capital intensive. One of the major factors that could affect the Group's ability to acquire MOG assets as planned is the adequacy of financing. The Group plans to finance the MOG Business through its internal resources and/or general bank borrowings and/or fund raising exercises such as placements or other capitalisation exercises.

There is no assurance that bank financing will be available or, if available, that such bank financing will be obtained on commercially acceptable terms. Furthermore, any debt funding may restrict the Group's flexibility to operate its business. The use of financing from the capital markets is also subject to, amongst others, the prevailing capital market conditions, willingness and ability of Shareholders to support the fund raising exercise and costs associated with such funding exercise. Also, additional equity financing may result in a dilution to the shareholdings of Shareholders.

In addition, even if the Group is able to procure the initial funding for any project or company, the Group might lack the funds to carry out follow-on funding for such project or company.

(iv) *The Group is subject to MOG related operational risks*

Natural resources operations generally involve a high degree of risk. Hazards may occur from time to time. A MOG project or company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure.

While a MOG project or company may have registered its resource holdings or interests with the appropriate authorities and filed all pertinent information to industry standards, this cannot be construed as a guarantee of title. In addition, the properties may consist of recorded interests that have not been legally surveyed, and therefore,

LETTER TO SHAREHOLDERS

the precise boundaries and locations of such interests may be in doubt and may be challenged. A MOG project or company's properties may also be subject to prior unregistered agreements or transfers or native land claims, and a MOG project or company's title may be affected by these and other undetected defects.

(v) *The MOG Business will be affected by marketability of the MOG resources and market demand*

The marketability of natural resources discovered by a resource issuer (being commodities) will also be affected by numerous factors. Commodity prices can and do change by substantial amounts over short periods of time, and are affected by numerous factors, including changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production arising from improved mining and production methods and new discoveries, all of which may affect the value of investments in natural resources companies or projects.

(vi) *The MOG Business is exposed to risks arising from foreign exchange fluctuations*

The Group may be subject to risks arising from foreign exchange fluctuations in relation to the MOG Business. The Group's revenue is denominated in Singapore dollars while its revenue and operating costs for the MOG Business could be denominated in the currencies of the jurisdictions where it operates in future. Any unfavourable fluctuations in currency exchange rates will result in exchange losses arising from transactions carried out in foreign currencies and translations of foreign currency monetary assets and liabilities as at the end of the relevant reporting periods. If the exchange losses are substantial, it could have a negative impact on the Group's financial performance and financial condition.

(vii) *Future acquisitions, joint ventures or investments may expose the Group to increased risks*

The addition of the MOG Business through acquisitions, mergers, and other corporate transactions, may place significant demands on the Group's risk management and operational infrastructure and result in increased expenses.

With respect to acquisitions, the Group may become subject to unknown liabilities of an acquired business, may not achieve the targeted results, or may otherwise incur losses.

Acquisitions that the Group may make, along with potential joint ventures and other investments, may expose the Group to additional business and operating risks and uncertainties, including but not limited to the following:

- the direct and indirect costs in connection with the transactions;
- the inability to effectively integrate and manage the acquired businesses;

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- the inability of the Group to exert control over the actions of its joint venture partners, including any non-performance, default or bankruptcy of the joint venture partners;
- the time and resources expended to coordinate internal systems, controls, procedures and policies;
- the disruption in ongoing business and diversion of management's time and attention from other business concerns;
- the risk of entering markets in which the Group may have no or limited prior experience;
- the potential loss of key employees and customers of the acquired businesses;
- the risk that an investment or acquisition may reduce the Group's future earnings; and
- exposure to unknown liabilities.

If the Group is unable to successfully implement the Group's acquisition or expansion strategy or address the risks associated with such acquisitions or expansions, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, the Group's growth and ability to compete may be impaired, the Group may fail to achieve acquisition synergies and the Group may be required to focus resources on integration of operations rather than on the Group's primary business.

Activities to expand its operations may also bring the Group into contact, directly or indirectly, with individuals and entities that are new clients and other new products or new markets. These business activities expose the Group to new and enhanced risks including reputation risks arising from dealing with a range of new counterparties, along with these activities being exposed to the range of risks described in this Circular. If these risks eventuate, they may have a negative impact on the Group's results, financial conditions or operations.

(viii) The Group may not have control over projects which it is a minority stakeholder

The returns on the Group's MOG Business are dependent upon the financial performance of its MOG projects and companies. However, as the Group may not take majority positions in the projects or companies nor seek board representation, it is fully reliant on the management of the respective project or company for much of the project or company's financial performance. This will not apply for projects where the Group has a majority stake.

(ix) The MOG Business will be dependent on key personnel

The future performance of the MOG Business will depend on the ability of the Group to attract and retain key personnel to identify new MOG opportunities and to actively add value to the MOG projects and companies.

LETTER TO SHAREHOLDERS

In particular, for newly acquired investee companies under the MOG Business, their successful operation depends on the Group's or the respective investees' ability to retain key management and qualified employees for technical, operations, marketing and managerial positions.

The failure to attract or retain such key personnel and/or the loss of any of these individuals could have a material effect on the operations and financial performance of the Group.

(x) *Natural disasters*

The Group's operations in the MOG Business, including the Group's drilling and other exploration activities and the transport and other logistics on which the Group is dependent, may be adversely affected and severely disrupted by climatic or geophysical conditions. Natural disasters or adverse conditions may occur in those geographical areas in which the Group operates, including severe weather, tsunamis, cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond the Group's control.

(xi) *It may be expensive and logistically burdensome to discontinue operations should economic, physical or other conditions subsequently deteriorate*

Once the Group has established an interest in the MOG Business, it may be expensive and logistically burdensome to discontinue such operation should economic, physical or other conditions subsequently deteriorate. This is due to, among other reasons, the significant capital investments required in connection with the MOG Business, the nature of the contractual arrangements with government authorities in the relevant jurisdictions, and significant decommissioning costs.

Additionally, because assets used in the MOG Business in general are relatively illiquid, and would be even more so should the circumstances in the relevant jurisdiction deteriorate, the ability of the Group to promptly sell its assets or businesses in the event it was to discontinue operations in a particular jurisdiction may be limited. No assurance can be given that the Group will be able to sell any asset for the price or on terms it sets, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Group. It is also not possible to predict with certainty the length of time that could be needed to find purchasers for the Group's assets, if at all, and to complete the disposal of our assets in times of political, economic, financial or investment uncertainty.

(xii) *Assessments of the value of future MOG Business to be acquired by the Group may differ from assessments by independent engineers and valuers and may affect the Group's return on and value of its shares*

Acquisitions of companies and their assets relating to MOG Business are typically based on engineering and economic assessments made by independent engineers and the Group's own assessments. Both these assessments will include a series of assumptions regarding such factors and recoverability and marketability of MOG resources, future prices of MOG resources and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the Group's control. In particular, the prices of and markets for MOG

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resources may change from those anticipated at the time of making such assessment. In addition, all such assessments involve a measure of geologic and engineering uncertainty which could result in lower production and reserves than anticipated. Initial assessments of acquisitions may be based on reports by a firm of independent engineers that are not the same as the firm the Group uses for its reserve evaluations. Because each of these firms may have different evaluation methods and approaches, these initial assessments may differ significantly from the assessments of the firm used by the Group. Any such instance may offset the return on and value of the Group's shares.

(xiii) Concessions, approvals, licences and joint ventures with fixed terms are subject to risk of non renewal upon the expiration of such terms

The Group, in carrying out its MOG Business, will obtain concessions, approvals and licences from the relevant local government bodies, or enter into joint venture agreements with local partners. More often than not, these concessions, approvals licences and joint venture agreements are not perpetual and have fixed terms attached to them.

The Group is subject to the risk that the local government bodies do not extend the grant of such concessions or licences, or that the local partners do not extend the term of such joint venture agreements entered into. When extended, these concessions, licences or joint venture agreements may also be subjected to more onerous terms and conditions as compared to the terms and conditions imposed when such concessions, licences or joint venture agreements were first granted or entered into. Delays, costs or the suspension of its industrial activities due to its inability to maintain or renew such concessions, licences and joint venture agreements, or to obtain such concessions and agreements at substantially the same terms as before, may have a negative impact on the Group's activities and profitability.

Risks Associated with the Proposed Acquisition

As set out in the Memorandum of Understanding, the Company intends, subject to the entry into of definitive agreements, to undertake the Proposed Acquisition. As an additional disclosure, this section sets out risk relating to the Target Group.

(i) The JVA with PetroChina may not be extended

As described in Section 2.2.2, the JVA between Hengli and PetroChina will end on 19 December 2016. Hengli is currently in negotiations with Petrochina regarding the extension of the JVA. As the relevant exploration and exploitation rights over the Oilfields belong to PetroChina, the extension of the joint venture in some form is necessary for Qian An to continue to hold the rights to exploit the Oilfields. The non extension of the JVA will thereafter result in Qian An not being able to exploit the Oilfields and severely impact on the value of Qian An.

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(ii) *PetroChina controls to a significant extent the volume of the net production through its status as the sole customer of Qian An and the influence it has over the management of the Oilfields*

The JVA between Hengli and PetroChina in relation to Qian An requires that the crude oil produced from the Oilfields be sold to PetroChina and that Qian An's annual production budget for each Oilfield be subject to the approval by the board of directors of Qian An. Qian An's board of directors consists of six members, three of them are appointed by PetroChina and three of them are appointed by Hengli. The JVA further stipulates that the price for the crude oil delivered by Qian An to PetroChina is determined in accordance with the relevant price policies set by the state. According to Qian An, the executed transaction prices of crude oil per month were set in accordance with the "price list of the internal crude oil supply" (内供原油接轨价格表价格) issued by the Financial, Tax and Price department of PetroChina (中国石油财税价格部) by the end of every last month.

The Vendor has represented to the Company that for the financial year ended 31 December 2012, 2013 and 2014, PetroChina has been Qian An's sole customer. There is no assurance that PetroChina will continue to purchase Qian An's oil in the future in the same quantity.

(iii) *Qian An is dependent upon PetroChina for its government approvals and licences*

Qian An is also dependent on PetroChina's ability to obtain governmental approvals and licences. Qian An has represented that PetroChina has been assisting Qian An to obtain the requisite governmental approvals and licences in the day-to-day administration of Qian An. There is no assurance that such approvals can be obtained in a timely manner or at all, and Qian An may be subject to fines, ordered to take corrective measures, or subject to other penalties.

(iv) *Qian An's business operations may be adversely affected by present or future PRC regulations*

Qian An is subject to the PRC's land use and building ownership regulations, which, inter alia, requires that a land user shall apply with relevant authorities for issuance of land use approvals, and for any construction on the land, the land user shall obtain valid permits, licences, certificates in respect of planning, and construction and confirmation of completion and acceptance before obtaining the relevant building ownership certificate. Failure to obtain such land use approvals and/or building ownership certificates may lead to regulatory actions, such as fines and/or corrective measures, such as restoring the land and returning it to its original users and/or require such structures to be demolished within a stipulated time limit. Qian An does not possess relevant land use approvals and building ownership certificates in respect of the oil wells, buildings and structures (including management offices, garages, warehouses, sewage treatment stations, boiler rooms, gas stations, and well rooms) ("**Affected Properties**") in the Oilfields.

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In this regard, the PRC law firm of Haitian Qingcheng Law Firm Daqing Office (黑龙江海天庆城律师事务所大庆分所) has advised that Qian An has not been, and will not be penalized by PRC authorities for its instances of non-compliance and in respect of the continued use of the Affected Properties, due to, amongst others, the difficulty in obtaining the land use approvals as each oil well occupies only a small area.

Further, Qian An's business operations may be adversely affected by present or future environmental regulations and governmental directives. In particular, Qian An has failed to fully comply with the requirements stipulated in a reply of Jilin Province Environmental Protection Bureau to use pipeline to transport oil produced by the Oilfields. In the event that the local Environment Protection Bureau enforce this requirement, Qian An will incur additional capital expenditure to construct the pipelines.

Qian An has also failed to comply with the requirements of the Interim Provisions on Labour Dispatch of the PRC, which became effective on 1 March 2014, limiting the number of employees that an employer may employ through a labour dispatch service provider named Songyuan City Labour Technology Services Co., Ltd. (松原市劳动技术服务有限责任公司). The law requires that employers breaching the requirement reduce the number of such employees to the mandated maximum by February 2016. This may adversely affect Qian An's ability to retain sufficient employees on suitable terms and materially and adversely affecting Qian An's financial condition and results of operations. If Qian An fails to reduce the number of employees to the mandated maximum by February 2016, Qian An may be subject to fines and/or ordered to take remedial steps.

(v) *Qian An's business operations may be adversely affected by its failure to comply with social security regulations in the PRC*

Qian An has also failed to register for separate social security and housing provident fund accounts in accordance with the requirements of Social Insurance Law and Regulations on Management of Housing Fund. In such cases, Qian An may be ordered to undertake remedial steps for such non-compliance within a prescribed time limit or be subject to fixed fines of up to RMB10,000 as well as flexible fines from one to three times the amount of the social insurance premium that should be paid. Qian An has informed the Company that it has paid all the statutory social security and housing fund contributions for its employees (including but not limited to the employees employed through third party agencies) at all relevant times.

(vi) *Interested persons transactions with the Vendor*

Two companies, namely, Huaying, being a subsidiary of Mr Shao Tian Peng's Australian listed company, SAO, and Yingli, being a subsidiary beneficially owned by Huaying and other persons, have been providing services to Qian An.

On 1 April 2013, Qian An entered into an agreement with Huaying pursuant to which Huaying is responsible for the construction of drilling wells in the Oilfields, including 15 development wells (开发井). The total project price is RMB22,800,000, and the term of the project is from 30 March 2013 to 25 December 2013. As at 30 September 2014, the balance of the amounts payable by Qian An to Huaying remains RMB4,596,510.40.

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On 21 February 2014, Qian An entered into a crude oil and waste water transportation services agreement with Yingli pursuant to which Ying Li is responsible for the transportation of crude oil in the production area for Qian An for the period from 21 February 2014 to 31 December 2014. As at 30 September 2014, the amount remains payable by Qian An to YingLi is RMB100,659.24.

Huaying has been providing drilling and exploitation services for Qian An, and Yingli has been providing transportation and distribution services for Qian An.

If the Proposed Acquisition proceeds, the Company shall implement such measures as are required under the Catalist Rules in respect of any transactions that fall within Chapter 9 of the Catalist Rules.

(vii) Qian An and Hengli may be affected by potential civil claims instituted by State-owned Assets Supervision and Administration Authority

Qian An was previously a joint venture equally held by a state owned enterprise and PetroChina. Two individuals, not presently connected with Qian An, who were then the managers of the state owned enterprise, procured the transfer of the entirety of the equity interest in Qian An held by the state owned enterprise to Hengli, an entity then controlled by these two individuals, for a nominal value. According to the requirements of Administrative Measures of Valuation of State Owned Assets of the PRC, any merger, asset transfer, or equity transfer involving stated-owned assets shall prior to sale be subject to an appraisal of the value of the assets. As this procedure was not complied with, there exists a risk that the Stated-owned Asset Supervision and Administration Authority (“**SASAC**”), acting as the representative of the state owned enterprise, may seek to recover economic damages against Qian An or Hengli for its equity interest of Qian An previously held by such state owned enterprise. In this regard, the PRC law firm of Zhong Lun Law Firm (中伦律师事务所) has advised that the risks associated with such actions by SASAC are remote given that the criminal rulings on these two individuals have been issued, all illegal proceeds received by these two individuals have been confiscated and further that no claim or notice from SASAC has been received by Qian An and Hengli since the conviction of these two individuals’ offences in 2013.

Risks Associated with the MOG Business in Other Geographical Locations

The Group’s strategy to carry out the MOG Business in geographical locations other than Singapore is subject to numerous risks and uncertainties that are normally associated with expanding into overseas markets. These include, but are not limited to:

(i) Government regulations relating to the MOG industry and the procurement of government licences and approvals

The Group’s operations in the MOG Business will be subject to licences, regulations and approvals for the exploration, development, construction, operation, production, marketing, pricing, transportation and storage of MOG resources. The governments of the countries in which the Group intend to operate have exercised and continue to exercise significant influence over their respective MOG industries.

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In certain developing countries, MOG companies face the risks of expropriation or nationalisation, breach, abrogation or renegotiation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks.

Any government action (such as a change in pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or exploration policy, laws or practice) could have a material adverse effect on the Group. Sovereign or regional governments could also require the Company to grant to them larger shares of the relevant MOG resources or revenues than previously agreed to, or postpone or review projects, nationalise assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's business, prospects, financial condition and results of operations. Possible future changes in the government, major policy shifts or increased security arrangements in the countries in which the Group operates could have to varying degrees an adverse effect on the value of the Group's investments. These factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

(ii) *The Group will be exposed to political, economic, fiscal, legal, regulatory and social uncertainties*

The Group's operations in the MOG Business will be exposed to the political, economic, fiscal, legal, regulatory and social environment of the countries in which the Group operates, which may include developing countries. The MOG Business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, civil strife or labour unrest, armed conflict, limitations or price controls on MOG resources and limitations or the imposition of tariffs or duties on imports of certain goods.

Exploration and development activities in developing countries may require protracted negotiations with host governments, national mineral or energy resource companies and third parties and may be subject to economic and political considerations such as the risks of war, community disturbances, criminal activities (such as mineral or energy resource theft), expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, foreign ownership controls or approvals, protests, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls, and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any of the factors detailed above or similar factors could have a material adverse effect on the Group's business, results of operations or financial condition.

If disputes arise in connection with the Group's operations in developing countries, the Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons,

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especially foreign mineral or energy resource ministries and national mineral or energy resource companies, to the jurisdiction of courts in other countries. Further, the Group may also be adversely affected by increased action by non-governmental organisations opposing to the mineral or energy resource exploration and production industry.

(iii) *The Group's MOG Business may be exposed to risks associated with emerging and developing markets generally*

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries with emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

Since the onset of the global economic crisis in 2007, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries. In the event that the Group expands its operations into emerging and developing markets in future, its MOG Business will be exposed to such risks. If such risks eventuate, they may have a negative impact on the Group's results of operations, financial conditions and prospects.

(iv) *Terrorism and militant activity*

Any terrorist acts or militant activity in the countries in which the Group's MOG Business operate, or countries neighbouring thereto, could destabilise those countries and increase internal divisions within their governments, and might result in concerns about stability in the region and negatively affect investors' confidence. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the economies of those countries, and in turn on the Group's business. The fear of terrorist actions, either against the Group's properties or generally, could have an adverse effect on the Group's ability to adequately staff and/or manage the Group's operations or could substantially increase the costs of doing so. Any terrorist attack, including those targeting the Group's properties, could interrupt parts of the Group's business and materially and adversely affect the Group's business, results of operations, financial condition and prospects.

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(v) *Lack of infrastructure/poorly maintained infrastructure*

Physical infrastructure in some countries is obsolete or non-existent and in certain respects has not been adequately funded and maintained. Breakdowns or failures of any part of the physical infrastructure in such countries in which the Group's MOG Business operates may disrupt the Group's normal business activity, cause the Group to suspend operations or result in environmental damage to the surrounding areas. Further deterioration of the physical infrastructure in such areas may disrupt the transportation of goods and supplies, increase operational costs to doing business in these areas and generally interrupt business operations, any or all of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

(vi) *Uncertainty in the interpretation and application of laws and regulations*

The courts in developing countries may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems.

Accordingly, should the Group operate in such developing countries, the Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the developing nations may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Group by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Group's contracts, joint operations, licences, licence applications or other arrangements.

There can be no assurance that unfavourable interpretation or application of the laws in the jurisdictions in which the Group operate will not adversely affect the Group's contracts, joint operations, licences, licence applications or other legal arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries in which the Group operates are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities,

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inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Group's long-term planning efforts and may create uncertainties in the Group's operating environment.

(vii) Sovereign immunity risks

Some countries have constitutions and laws which entrench and vest all of the rights over their natural resources in the state, including MOG resources, which are regarded as sovereign state assets. These countries have also established state-owned entities which enter into commercial contracts with MOG resource exploration and production companies in relation to the exploration, development and production of MOG resources. Accordingly, the natural resources discovered within a contract area are ultimately owned by the state and the exploration and production company only has contractual rights of exploration, development and production. As the contracts are with state-owned entities, in the event of a dispute, it is uncertain if these state-owned entities will be able to invoke the principles of sovereign immunity. The invocation of such immunity in the countries which the Group operates in may limit its ability to enforce the Group's rights, which in turn adversely affects the Group's business, results of operations, financial condition and prospects.

(viii) Changes in taxation

The MOG Business is subject to taxation in various countries and is faced with increasingly complex tax laws. The amount of tax the Group pays could increase substantially as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on the Group's liquidity and results of operations.

During periods of high profitability in the MOG industry, there may be calls for increased or windfall taxes on MOG resources revenue. Taxes may increase or be imposed consequently. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material.

In the event that the Group decided to carry out the MOG Business in China, the Group would be subject to the following risks:

Risks Associated with the MOG Business in China

(i) The Group is subject to the PRC's regulatory regime for the MOG industry

Oil and gas companies in the PRC are subject to extensive national, provincial and governmental regulations, policies and controls. Any failure of compliance with the relevant laws and regulations in mining operations may result in a revocation of the relevant licences and suspension of business operations, which will have an adverse and material impact on the business and results of operations. We may require significant capital expenditures, obligations or liabilities in order to comply with the relevant laws and regulations. Moreover, there is a risk that the regulatory authorities may change the compliance requirements concerning environmental issues and we may not be able to explore or produce its products without incurring astronomical costs.

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(ii) *The Group is subject to political, economic, regulatory and social conditions in the PRC*

The Group could be adversely affected if there are any adverse changes in the PRC's economy, political or social conditions including its GDP or domestic consumption growth. The PRC's economy differs from the economies of most developed countries in many respects, including the fact that it (i) has a high level of government involvement; (ii) is in the early stages of development of a market-oriented economy; (iii) has experienced rapid growth; and (iv) has a tightly controlled foreign exchange policy.

The PRC's economy has grown significantly in recent years, however, there is no assurance that such growth will continue. The PRC government has exercised control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing incentives to particular industries or companies. Although these measures are intended to benefit the overall PRC economy, some may have a negative effect on our business. As such, our future success is, to some extent, dependent on the economic conditions in the PRC, and any significant downturn in the market conditions, particularly the demand for marble in the PRC, may adversely affect our business, prospects, financial condition and results of operations.

(iii) *The PRC government's control of currency conversion may limit the Group's ability to utilise its cash effectively*

The PRC government imposes controls on the convertibility between RMB and foreign currencies and, in certain cases, the remittance of foreign currency into and out of the PRC. Under the existing PRC foreign exchange regulations, payments of current account items, including, inter alia, dividend distributions, interest payments and expenditures from trade related transactions, can be made without prior approval from the State Administration for Foreign Exchange ("**SAFE**"), but it is required for relevant documentary evidence of such transactions to be presented and such transactions are to be conducted at designated foreign exchange banks within the PRC. However, approval from the SAFE or its local counterpart is required where RMB is to be converted into foreign currency and remitted out of the PRC to make the payments under the capital account, such as the repayment of loans denominated in foreign currencies. We cannot predict whether the PRC government may, at its own discretion, restrict the access to foreign currencies for current account transactions in the future.

(iv) *The PRC legal system has inherent uncertainties that could negatively impact our business, and the current PRC legal environment could limit the legal protection available to us*

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, prior court decisions may be cited for reference but have limited value as precedents, if at all. Since 1979, the PRC legal system has evolved rapidly and numerous laws and regulations governing economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade have been promulgated by the relevant authorities. As these laws and regulations are relatively new, interpretation and enforcement of these laws and regulations involve significant uncertainties and varying degrees of inconsistency. Some of these laws

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and regulations are still in the developmental stage and are therefore subject to policy changes. We cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws and their interpretation and enforcement. These uncertainties could limit the legal protection available to us and our Shareholders. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as predictable as in other countries with common law systems. In addition, any litigation in the PRC may be protracted, resulting in substantial costs and diversion of our resources and management attention. These inherent uncertainties may limit the legal protection available to us when any dispute arises out of or relating to our sales contracts with the purchasers based in the PRC.

(v) Labor laws in the PRC may adversely affect the operations of MOG Business

On 12 December 2012, the PRC government revised the Labor Contract Law of the PRC, which became effective on 1 July 2013. The Labor Contract Law imposes greater liabilities on employers and significantly impacts the cost of an employer's decision to reduce its workforce. Further, it requires certain terminations to be based upon seniority and not merit. In the event we decide to significantly change or decrease our workforce, the Labor Contract Law could adversely affect our ability to enact such changes in a manner that is most advantageous to our business or in a timely and cost-effective manner, thus materially and adversely affecting our financial condition and results of operations.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Company based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Director(s)				
Low Beng Tin	4,769,754	0.71	28,000,000 ⁽¹⁾	4.19
Jeffrey Hing Yih Peir	195,000	0.03	197,350,000 ⁽²⁾	29.53
Bernard Tay Ah Kong	—	—	—	—
Renny Yeo Ah Kiang	1,765,000	0.26	—	—
Lai Kwok Seng	—	—	—	—
Substantial Shareholder(s)				
Jeffrey Hing Yih Peir	195,000	0.03	197,350,000 ⁽²⁾	29.53

Notes:

- (1) Low Beng Tin has a beneficial interest in 28,000,000 Shares registered in the name of Bank of Singapore Nominees Pte Ltd.
- (2) Jeffrey Hing Yih Peir has a beneficial interest in 197,350,000 Shares registered in the name of Phillip Securities Pte.Ltd.
- (3) The shareholding percentages have been calculated based on the total of 668,266,667 Shares in the issued share capital of the Company as at the Latest Practicable Date. The Company does not hold any treasury shares.

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4. DIRECTORS' RECOMMENDATION

The Directors are mindful of the need for the Group to enter into and/or acquire new businesses to develop new sources of revenue and diversify from its existing businesses. The Directors believe that there are benefits from diversifying into the MOG business, though the risks associated with the MOG Business may impact on the actual performance of the Group in this new business and result in these benefits not being realized. Taking these circumstances into consideration, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution approving the Proposed Diversification as set out in the Notice of EGM.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 28 of this Circular, will be held on 23 June 2015 at 3.00 p.m. at No. 8 Aljunied Ave 3, Oakwell Building, Singapore 389933 for the purpose of considering and if, thought fit, passing, with or without modifications, the Ordinary Resolution set out in the Notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at No. 8 Aljunied Ave 3 Oakwell Building, Singapore 389933 not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of the Proxy Form by such Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

A Depositor will not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears of the Depository Register at least 48 hours before the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

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8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Company's registered office at No.8 Aljunied Ave 3 Oakwell Building, Singapore 389933 during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report of the Company for FY2013;
- (c) the Annual Report of the Company for FY2014;
- (d) the Memorandum of Understanding; and
- (e) the Supplemental Memorandum of Understanding.

Yours faithfully

For and on behalf of
The Board of Directors
OEL (Holdings) Limited

Low Beng Tin
Chairman and Managing Director

5 June 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

OEL (Holdings) Limited

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **OEL (Holdings) Limited** (the “Company”) will be held at No. 8 Aljunied Ave 3 Oakwell Building, Singapore 389933 on 23 June 2015 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular dated 5 June 2015 to the shareholders of the Company.

AS ORDINARY RESOLUTION

THE PROPOSED DIVERSIFICATION OF THE BUSINESS SCOPE OF THE GROUP TO INCLUDE THE MOG BUSINESS

That:

- (a) approval be and is hereby granted for the Proposed Diversification into the MOG Business comprising investments in projects and companies involved in development and production of mineral, oil and gas resources;
- (b) the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of from time to time, any such assets, investments and shares/interests in any entity that is in the MOG Business for the purpose of or in connection with the MOG Business on such terms and conditions as the directors of the Company (“**Directors**”) deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they deem desirable, necessary or expedient to give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them deem desirable, necessary or expedient for the purposes of or in connection with the Proposed Diversification and to give effect to the matters contemplated by this resolution (including the execution of any agreements or documents or procurement of third party consents) as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

BY ORDER OF THE BOARD

Caroline Yeo Poh Noi/Lim Chien Joo, Derick
Company Secretaries
Singapore
Date: 5 June 2015

Notes:

- 1 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 2 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No.8 Aljunied Ave 3 Oakwell Building, Singapore 389933 not less than forty eight (48) hours before the time appointed for the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing 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), 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) 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.

PROXY FORM

OEL (Holdings) Limited

(the "Company")
(Company Registration Number: 198403368H)
(Incorporated in the Republic of Singapore)

IMPORTANT:

- 1 For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Company's Notice of Extraordinary General Meeting.

I/We _____ (Name) of

_____ (Address)

being a *member/members of the Company hereby appoint(s):

Name	*NRIC/Passport No.	Proportion of Shareholdings	
		No of Shares	(%)
Address			

*and/or

Name	*NRIC/Passport No.	Proportion of Shareholdings	
		No of Shares	(%)
Address			

or failing *him/her/them, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, and if necessary, to demand a poll at the EGM of the Company to be held at No.8 Aljunied Ave 3 Oakwell Building, Singapore 389933 on 23 June 2015 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution(s) to be proposed at the Extraordinary General Meeting as indicated hereunder WITH AN "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Please delete accordingly

ORDINARY RESOLUTION	To be used on a show of hands		To be used in the event of a poll	
	For ¹	Against ¹	No. of Votes For ²	No. of Votes Against ²
To approve the Proposed Diversification				

Notes:

- 1 Please indicate your vote "For" or "Against" with an "X" within the box provided
- 2 If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate

All capitalised terms used in this Proxy Form which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company's Circular to Shareholders dated 5 June 2015 (including supplements and modifications thereto).

Dated this _____ day of _____ 2015.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

Notes:

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No.8 Aljunied Ave 3 Oakwell Building, Singapore 389933 not less than forty eight (48) hours before the time appointed for the EGM.
- 4 Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 6 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.
- 7 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
- 8 The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
- 9 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at forty eight (48) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.