



**First Quarter  
Financial Statement  
for the Period Ended  
31 March 2016**

**9 May 2016**

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**First Quarter Financial Statement for the Period Ended 31 March 2016**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	The Group		
	Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Revenue</b>	24,554	27,399	(10.4)
Cost of works	(21,593)	(24,693)	(12.6)
<b>Gross profit</b>	<b>2,961</b>	<b>2,706</b>	9.4
Other income	1,046	586	78.5
Expenses			
- Administrative	(2,210)	(1,956)	13.0
- Finance	(16)	(15)	6.7
- Share of results of associated companies and joint ventures	87	(30)	390.0
<b>Profit before income tax</b>	<b>1,868</b>	<b>1,291</b>	44.7
Income tax expense	(15)	(166)	(91.0)
<b>Net profit</b>	<b>1,853</b>	<b>1,125</b>	64.7
Gross profit margin	12.1%	9.9%	
Net profit margin	7.5%	4.1%	
Effective tax rate	0.8%	12.9%	
Net profit attributable to:			
Equity holders of the Company	1,853	1,126	64.6
Non-controlling interests	-	(1)	n.m.
	<b>1,853</b>	<b>1,125</b>	64.7

n.m. – not meaningful.



(i) Consolidated statement of comprehensive income for the first quarter ended 31 March 2016

		The Group		
	Note	Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015	Increase/ (Decrease)
		\$'000	\$'000	%
<b>Net profit</b>		1,853	1,125	64.7
Other comprehensive income:				
Financial assets, available-for-sale				
- Fair value losses, net of tax	i	(2)	(1)	100.0
<b>Total comprehensive income, net of tax</b>		1,851	1,124	64.7
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		1,851	1,125	64.5
Non-controlling interests		-	(1)	n.m.
		1,851	1,124	64.7

Note:

- (i) Fair value losses were mainly attributable to lower quoted prices of financial assets, available-for-sale.

n.m. – not meaningful.



(ii) Additional disclosures

Profit before income tax was arrived at:

		The Group		
	Note	Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015	Increase/ (Decrease)
		\$'000	\$'000	%
<u>After charging:</u>				
Non-audit fee paid to the auditors of the Company		9	8	12.5
Amortisation of intangible assets		3	2	50.0
Depreciation of property, plant and equipment		159	158	0.6
Directors' remuneration				
- Directors of the Company		754	700	7.7
- Other directors		110	110	-
Directors' fee		45	45	-
Interest paid and payable				
- Finance lease liabilities		16	15	6.7
Employees compensation		782	544	43.8
<u>After crediting:</u>				
Interest income				
- Bank deposits		140	37	278.4
- Financial assets, available-for-sale		13	13	-
- Other receivables (non-current)		-	88	n.m.
Gain on disposal of property, plant and equipment (net)		4	1	300.0
Rental income from investment properties		48	48	-
(Loss)/gain on foreign exchange	i	(125)	136	(191.9)
Technical management consultancy fee		644	-	n.m.
Government grant		316	141	124.1
<u>Included in the cost of works are the following:</u>				
Depreciation of property, plant and equipment		491	556	(11.7)
Amortisation of intangible assets		16	16	-
Employees compensation		6,084	5,409	12.5

Note:

- (i) Gain/loss on foreign exchange mainly arose from the revaluation of assets denominated in United States dollar and Indonesian Rupiah to Singapore dollar.

n.m. – not meaningful.



(iii) Extraordinary/Exceptional items

Nil

(iv) Adjustments for under or over-provision of tax in respect of prior periods

The Group	
31 Mar 2016	31 Mar 2015
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

-Current income tax - Singapore

-Deferred income tax

134	125
(119)	6
15	131

- Under provision of income tax in prior financial periods

-Current income tax

-Deferred income tax

-	35
-	-
-	35
15	166



**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

Statements of Financial Position

Note	The Group		The Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
	58,886	54,689	3,122	3,283
i	26,575	24,454	7,272	6,629
	3,692	4,238	-	-
	89,153	83,381	10,394	9,912
<b>Non-current assets</b>				
ii	-	-	17,522	17,522
iii	2,986	2,988	-	-
iv	720	651	-	-
v	5,250	5,250	-	-
vi	24,604	24,532	17,932	17,844
vii	988	990	-	-
	17,800	18,205	5,432	5,512
viii	1,752	1,771	18	20
	54,100	54,387	40,904	40,898
<b>Total assets</b>	<b>143,253</b>	<b>137,768</b>	<b>51,298</b>	<b>50,810</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
ix	33,223	29,314	6,842	6,867
	922	950	-	-
	631	549	67	65
	34,776	30,813	6,909	6,932
<b>Non-current liabilities</b>				
	1,427	1,637	-	-
	512	631	38	49
	1,939	2,268	38	49
<b>Total liabilities</b>	<b>36,715</b>	<b>33,081</b>	<b>6,947</b>	<b>6,981</b>
<b>NET ASSETS</b>	<b>106,538</b>	<b>104,687</b>	<b>44,351</b>	<b>43,829</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
	36,832	36,832	36,832	36,832
x	1,346	1,348	-	-
	68,360	66,507	7,519	6,997
<b>Total equity</b>	<b>106,538</b>	<b>104,687</b>	<b>44,351</b>	<b>43,829</b>
<b>Net tangible assets</b>	<b>104,786</b>	<b>102,916</b>	<b>44,333</b>	<b>43,809</b>



**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	4,547	2,364	-	-
- Subsidiaries	-	-	7,207	6,517
	4,547	2,364	7,207	6,517
Construction contracts				
- Due from customers	15,383	15,901	-	-
- Retentions	4,515	4,533	-	-
	19,898	20,434	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	716	767
- Joint venture partner	2	3	-	-
- Non-related parties	259	76	6	6
	261	79	722	773
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	261	79	34	85
Deposits	745	577	6	7
Prepayments	1,124	1,000	25	20
	<u>26,575</u>	<u>24,454</u>	<u>7,272</u>	<u>6,629</u>

The non-trade amounts due from subsidiary corporations and joint venture partner are unsecured, interest-free and repayable on demand.





(ii) Investments in subsidiary corporations

The Company	
31 Mar 2016	31 Dec 2015
\$'000	\$'000

Equity investments at cost

17,522	17,522
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Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			31 Mar 2016	31 Dec 2015

Held by the Company

Or Kim Peow Contractors (Pte) Ltd <sup>(@)</sup>	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd <sup>(@)</sup>	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd <sup>(@)(*)</sup>	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd <sup>(@)(*)</sup>	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd <sup>(@)(&amp;)</sup>	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
United Pavement Specialists Pte Ltd <sup>(@)(*)</sup>	Provision of rental services and investment holding	Singapore	100%	100%
OKP Land Pte Ltd <sup>(@)</sup>	Investment holding and property development	Singapore	100%	100%
OKP Transport & Trading Pte Ltd <sup>(@)(*)</sup>	Provision of transport and logistics services	Singapore	100%	100%

(@) Audited by Nexia TS Public Accounting Corporation.

(\*) Dormant company.

(&) On 14 July 2015, OKP (Oil & Gas) Infrastructure Pte Ltd was granted a licence to operate a representative foreign construction service company in Jakarta, Indonesia.



(iii) Investments in joint ventures

The Group	
31 Mar 2016	31 Dec 2015
\$'000	\$'000

**Interests in joint ventures**

Beginning of financial period/year	2,988	3,262
Share of profit of investments accounted for using the equity method	18	48
Notional fair value of loan (net)	(20)	(322)
End of financial period/year	2,986	2,988

Name of joint ventures	Principal activities	Country of incorporation	Percentage of ownership interest	
			31 Mar 2016	31 Dec 2015

Held by subsidiary corporations

CS-OKP Construction and Development Pte Ltd <sup>(@)(1)</sup>	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd <sup>(#)(2)</sup>	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd <sup>(^)(3)</sup>	Property development	Singapore	10%	10%

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV <sup>(*)(4)</sup>	Business of general construction	Singapore	50%	50%
ACSET-OKP <sup>(&amp;)(5)</sup>	Business of general construction	Indonesia, Jakarta	50%	50%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

(\*) Registered on 4 May 2015 and not required to be audited in the country of establishment.

(&) Established on 21 September 2015 and not required to be audited in the country of establishment.

(1) CS-OKP Construction and Development Pte Ltd (“CS-OKP”), incorporated in Singapore on 1 December 2009, remained inactive as at 31 March 2016. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd (“OKPTM”), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2015: \$50,000) in CS-OKP.

(2) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd (“OKPC”), a wholly-owned subsidiary corporation, entered into a joint venture agreement with Soil-Build (Pte) Ltd (“SBPL”), incorporated in Singapore and a subsidiary corporation of Soilbuild Group Holdings Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. (“FBPL”) was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of \$500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.



- (3) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel into an executive condominium at Yuan Ching Road/Tao Ching Road. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.
- (5) On 21 September 2015, OKP (Oil & Gas) Infrastructure Pte Ltd ("OKP O&G"), a wholly-owned subsidiary corporation, had through its Jakarta representative office entered into a joint operation agreement with PT Acset Indonusa Tbk, pursuant to which OKP O&G and PT Acset Indonusa Tbk constituted themselves as a joint venture in the name of "ACSET-OKP" in accordance with the joint operation scheme under the laws of the Republic of Indonesia. The joint venture has been established to carry out building and construction works in Jakarta, Indonesia. The joint venture remained inactive as at 31 March 2016. The joint operation agreement was terminated on 3 May 2016.

The Group has joint control over these joint ventures as unanimous consent is required from all parties to the arrangements for all relevant activities under the contractual agreements.

The Group's joint arrangements are structured as limited companies and partnerships such that the Group and the parties to the agreements have the rights to the net assets of the limited companies and partnerships under the arrangements. Therefore, these arrangements are classified as joint ventures.

The following amounts represent the summarised financial information of the joint ventures:

The Group		
	31 Mar 2016	31 Dec 2015
	\$'000	\$'000
Assets		
- Current assets	277,596	258,830
Liabilities		
- Current liabilities	(83,551)	(66,786)
- Non-current liabilities	(183,495)	(181,533)
Net assets	10,550	10,511
Revenue	4,806	9,244
Expenses	(4,791)	(9,109)
Profit before income tax	15	135
Income tax expense	(1)	(4)
Net profit	14	131

The information above reflects the amounts included in the financial statements of the joint ventures, adjusted to reflect adjustments made by the Group when applying the equity method of accounting.

The Group has not recognised its share of losses of a joint venture amounting to \$2,600 (31 March 2015: profit of \$1,274) as the Group's cumulative share of losses has exceeded its interest in the entity and the Group has no obligation in respect of these losses. The cumulative unrecognised losses of this entity amounted to \$54,156 (31 March 2015: \$53,855) at the balance sheet date.



(iv) Investments in associated companies

The Group	
31 Mar 2016	31 Dec 2015
\$'000	\$'000

**Interests in associated companies**

Beginning of financial period/year	651	71
Increase in shareholding in an associated company	-	500
Share of profit of associated companies	69	80
End of financial period/year	720	651

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			31 Mar 2016	31 Dec 2015

Held by subsidiary corporations

CS Amber Development Pte Ltd <sup>(@)(1)</sup>	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd <sup>(#)(2)</sup>	General contractors	Singapore	25%	25%

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

- (1) On 27 June 2012, OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, entered into an investment agreement with CS Amber Development Pte Ltd ("CSAmber") and China Sonangol Land Pte Ltd, pursuant to which OKPL subscribed for 111,111 ordinary shares in CSAmber, representing approximately 10% of the enlarged issued and paid-up share capital of CSAmber. The aggregate consideration for the subscription of the shares is \$111,111.

The Group accounts for its investment in CSAmber as an associated company although the Group holds less than 20% of the issued shares of CSAmber as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).

- (2) On 8 January 2014, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary corporation, entered into a shareholders' agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd ("USB") to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. As at 31 December 2014, OKPC had a 20% equity interest at a cost of \$200,000 in USB.

On 3 June 2015, OKPC acquired another 5% of the issued share capital of USB by way of acquisition of 50,000 ordinary shares for \$1.00. Consequently, OKPC had a 25% equity interest at a cost of \$200,001 in USB. On 17 August 2015, OKPC was allotted and issued 500,000 new ordinary shares by the capitalisation of its advance to USB and hence, its shareholding in USB increased to 750,000 shares. The shareholding percentage remains unchanged at 25% of the total issued and paid-up capital in USB.



The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

The Group		
	31 Mar 2016	31 Dec 2015
	\$'000	\$'000
Assets	263,579	253,975
Liabilities	(265,555)	(256,179)
Revenue	5,069	14,214
Net profit/(loss)	228	(3,614)

The Group has not recognised its share of losses of an associated company amounting to \$4,813 (31 March 2015: \$73,256) as the Group's cumulative share of losses has exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to \$465,931 (31 March 2015: \$139,463) at the balance sheet date.

(v) Investment properties

The Group		
	31 Mar 2016	31 Dec 2015
	\$'000	\$'000
Beginning of financial period/year	5,250	5,140
Fair value gain recognised in profit and loss	-	110
End of financial period/year	5,250	5,250

The Group's policy is to revalue its investment properties on an annual basis. An update to the fair values will be done at the end of the financial year.



(vi) Other receivables (non-current)

	The Group		The Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Loan to associated company				
- CS Amber Development Pte Ltd	19,680	19,680	-	-
Less: Allowance for impairment	(650)	(650)	-	-
	19,030	19,030	-	-
Loan to joint venture				
- Lakehomes Pte Ltd	5,574	5,502	-	-
Loan to subsidiary corporation	-	-	17,932	17,844
	<u>24,604</u>	<u>24,532</u>	<u>17,932</u>	<u>17,844</u>

The loan to associated company is unsecured, interest-bearing at 2.0% per annum above SIBOR and will be repayable in full on 26 June 2018. The Group has ceased to charge interest on the loan with effect from 1 March 2015.

The loan to joint venture and loan to subsidiary corporation are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.



(vii) Financial assets, available-for-sale (non-current)

The Group	
31 Mar 2016	31 Dec 2015
\$'000	\$'000

Beginning of financial period/year

990

995

Fair value losses recognised in  
other comprehensive income

(2)

(5)

End of financial period/year

988

990

Financial assets, available-for-sale are  
analysed as follows:

Listed debt securities

- Bonds with fixed interest of  
5.125% p.a. without fixed  
maturity - Singapore

988

990

The fair values of listed debt securities are based on available market or common reference prices provided by the bank.



(viii) Intangible assets

The Group		The Company	
31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	64	83	18	20
	<u>1,752</u>	<u>1,771</u>	<u>18</u>	<u>20</u>

(a) Goodwill arising on consolidation

*Cost/net book value*

Beginning and end of financial period/year	<u>1,688</u>	<u>1,688</u>	<u>-</u>	<u>-</u>
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This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

(b) Computer software licences

<i>Cost</i>				
Beginning of financial period/year	369	353	55	39
Additions	-	16	-	16
End of financial period/year	<u>369</u>	<u>369</u>	<u>55</u>	<u>55</u>
<i>Accumulated amortisation</i>				
Beginning of financial period/year	286	212	35	24
Amortisation charge	19	74	2	11
End of financial period/year	<u>305</u>	<u>286</u>	<u>37</u>	<u>35</u>
Net book value	<u>64</u>	<u>83</u>	<u>18</u>	<u>20</u>

Computer software licences relate to fees paid to third parties in relation to the entitlement to use the computer software licences and are amortised over 5 years.





(ix) Trade and other payables

	The Group		The Company	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	17,094	15,549	79	92
Non-trade payables				
- Subsidiary corporations	-	-	5,347	5,347
- Joint venture partner	50	50	-	-
	50	50	5,347	5,347
Construction contracts				
- Advances received	4,206	-	-	-
Accrued operating expenses	11,731	13,581	1,416	1,428
Other payables	142	134	-	-
	<u>33,223</u>	<u>29,314</u>	<u>6,842</u>	<u>6,867</u>

The non-trade amounts due to subsidiary corporations and joint venture partner are unsecured, interest-free and repayable on demand.



(x) Other reserves

The Group	
31 Mar 2016	31 Dec 2015
\$'000	\$'000

(a) **Composition:**

Fair value reserve	(26)	(24)
Asset revaluation reserve	1,372	1,372
	<u>1,346</u>	<u>1,348</u>

***Fair value reserve***

Beginning of financial period/year	(24)	(19)
Financial asset – available-for-sale -Fair value losses	(2)	(5)
End of financial period/year	<u>(26)</u>	<u>(24)</u>

***Asset revaluation reserve***

Beginning and end of financial period/year	<u>1,372</u>	<u>1,372</u>
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Other reserves are non-distributable.



## **Explanatory Notes:**

### (i) Current assets

Current assets increased by \$5.8 million, from \$83.4 million as at 31 December 2015 to \$89.2 million as at 31 March 2016. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$4.2 million. This was due mainly to the cash generated from operations for the first quarter ended 31 March 2016 of \$4.7 million, which was partially offset by cash used in investing activities of \$0.1 million and cash used in repayment of finance lease liabilities and servicing of interest payments of \$0.4 million; and
- (b) an increase in trade and other receivables of \$2.1 million resulting from an increase in trade receivables. This related to revenue that had been billed, arising from progress claims certified by customers during the first quarter ended 31 March 2016,

which were partially offset by:

- (c) a decrease in construction contract work-in-progress of \$0.5 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 March 2016 as compared to 31 December 2015.

### (ii) Non-current assets

Non-current assets decreased by \$0.3 million, from \$54.4 million as at 31 December 2015 to \$54.1 million as at 31 March 2016. The decrease was attributable to:

- (a) a decrease in property, plant and equipment of \$0.4 million resulting from the depreciation and disposal of property, plant and equipment, which were partially offset by the purchase of new plant and equipment during the first quarter ended 31 March 2016,

which was partially offset by:

- (b) an increase in investments in associated companies of \$0.1 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd, during the first quarter ended 31 March 2016.

### (iii) Current liabilities

Current liabilities increased by \$4.0 million, from \$30.8 million as at 31 December 2015 to \$34.8 million as at 31 March 2016. The increase was attributable to:

- (a) an increase in trade and other payables of \$3.9 million arising from billings received from sub-contractors and suppliers for work done and materials supplied towards the end of the month of March 2016; and
- (b) an increase in current income tax liabilities of \$0.1 million due to tax provision resulting from profits generated during the first quarter ended 31 March 2016.

### (iv) Non-current liabilities

Non-current liabilities decreased by \$0.4 million, from \$2.3 million as at 31 December 2015 to \$1.9 million as at 31 March 2016. The decrease was due mainly to a decrease in finance lease liabilities as a result of repayment of finance lease liabilities during the first quarter ended 31 March 2016.



(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$1.8 million, from \$104.7 million as at 31 December 2015 to \$106.5 million as at 31 March 2016. The increase was largely attributable to the profit generated from operations of \$1.8 million for the first quarter ended 31 March 2016.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

(a) Amount repayable in one year or less, or on demand

As at 31 Mar 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
922	-	950	-

(b) Amount repayable after one year

As at 31 Mar 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,427	-	1,637	-

(c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases.



1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated statements of cash flows for the first quarter ended 31 March:

	The Group	
	Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Net profit	1,853	1,125
Adjustments for:		
- Income tax expense	15	166
- Depreciation of property, plant and equipment	650	714
- Amortisation of intangible assets	19	18
- Gain on disposal of property, plant and equipment (net)	(4)	(1)
- Share of results of associated companies and joint ventures	(87)	30
- Interest income	(153)	(138)
- Interest expense	16	15
<b>Operating cash flow before working capital changes</b>	2,309	1,929
Change in working capital		
- Trade and other receivables	(2,121)	(887)
- Construction contract work-in-progress	546	3,249
- Trade and other payables	3,908	(6,577)
<b>Cash generated from/(used in) operations</b>	4,642	(2,286)
- Interest received	140	37
- Income tax paid	(52)	(67)
<b>Net cash provided by/(used in) operating activities</b>	4,730	(2,316)
<b>Cash flows from investing activities</b>		
- Additions to property, plant and equipment	(103)	(572)
- Disposal of property, plant and equipment	22	22
- Advance to a joint venture	(50)	(500)
- Interest received	13	13
<b>Net cash used in investing activities</b>	(118)	(1,037)



The Group	
Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015
\$'000	\$'000

**Cash flows from financing activities**

- Repayment of finance lease liabilities
- Interest paid
- Bank deposits pledged

(398)	(220)
(16)	(15)
666	(59)

**Net cash generated from/(used in) financing activities**

252	(294)
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**Net increase/(decrease) in cash and cash equivalents**

4,864	(3,647)
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Cash and cash equivalents at beginning of financial period

49,508	28,929
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**Cash and cash equivalents at end of financial period**

54,372	25,282
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**Explanatory Notes:**

- (i) For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents at the end of the financial period comprised the following:

	The Group	
	31 Mar 2016	31 Mar 2015
	\$'000	\$'000
Cash at bank and on hand	25,448	13,625
Short-term bank deposits	33,438	16,796
Bank deposits pledged	58,886	30,421
	(4,514)	(5,139)
Cash and cash equivalents per consolidated statement of cash flows	54,372	25,282

Bank deposits of \$4,514,462 (31 March 2015: \$5,139,086) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for first quarter ended 31 March 2016**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$4.7 million in the first quarter ended 31 March 2016, an increase of \$7.0 million from net cash used in operating activities of \$2.3 million in the first quarter ended 31 March 2015. The \$7.0 million increase in net cash generated from operating activities was due mainly to:

- (a) an increase in net working capital inflow of \$6.5 million;
- (b) an increase in cash generated from operating activities before working capital changes of \$0.4 million; and
- (c) an increase in interest received of \$0.1 million.

Net cash used in investing activities

Net cash of \$0.1 million used in investing activities was due to:

- (a) the purchase of new property, plant and equipment of \$0.1 million; and
- (b) an advance of \$0.05 million granted to a joint venture, Lakehomes Pte Ltd, during the first quarter ended 31 March 2016,

which were partially offset by:

- (c) the proceeds received from the disposal of property, plant and equipment and interest income from the financial asset, available-for-sale during the first quarter ended 31 March 2016.

Net cash generated from financing activities

Net cash of \$0.3 million generated from financing activities was due to:

- (a) a decrease in pledged deposit of \$0.7 million as a result of the cancellation of a bank facility during the first quarter ended 31 March 2016,

which was partially offset by:

- (b) the repayment of finance lease liabilities and servicing of interest payments of \$0.4 million.

Overall, free cash and cash equivalents stood at \$54.4 million as at 31 March 2016, an increase of \$29.1 million, from \$25.3 million as at 31 March 2015. This works out to cash of 17.6 cents per share as at 31 March 2016 as compared to 8.2 cents per share as at 31 March 2015 (based on 308,430,594 shares issued as at 31 March 2016 and 31 March 2015).



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Attributable to equity holders of the Company						
Share capital	Fair value reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

The Group

<b>As at 1 Jan 2016</b>	36,832	(24)	1,372	66,507	104,687	-	104,687
Total comprehensive (loss)/income for the period	-	(2)	-	1,853	1,851	-	1,851
<b>As at 31 Mar 2016</b>	36,832	(26)	1,372	68,360	106,538	-	106,538
<b>As at 1 Jan 2015</b>	36,832	(19)	1,372	60,070	98,255	50	98,305
Total comprehensive (loss)/income for the period	-	(1)	-	1,126	1,125	(1)	1,124
<b>As at 31 Mar 2015</b>	36,832	(20)	1,372	61,196	99,380	49	99,429





Attributable to equity holders of the Company		
Share capital	Retained profits	Total equity
\$'000	\$'000	\$'000

The Company

<b>As at 1 Jan 2016</b>	36,832	6,997	43,829
Total comprehensive income for the period	-	522	522
<b>As at 31 Mar 2016</b>	<u>36,832</u>	<u>7,519</u>	<u>44,351</u>
<b>As at 1 Jan 2015</b>	36,832	3,796	40,628
Total comprehensive income for the period	-	180	180
<b>As at 31 Mar 2015</b>	<u>36,832</u>	<u>3,976</u>	<u>40,808</u>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There have been no changes in the issued share capital of the Company since 31 December 2015.

Under the Share Buy Back Mandate which was approved by the Shareholders on 27 April 2015, no shares were bought back by the Company during the first quarter ended 31 March 2016.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2016 and 31 March 2015.

**1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	31 Mar 2016	31 Dec 2015
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2015.



**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted.

- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 1 Disclosure Initiative
- Amendments to FRS 27 Equity Method in Separate Financial Statements
- Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants
- Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
- Improvements to FRSs (November 2014)
  - Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
  - Amendments to FRS 107 Financial Instruments: Disclosures
  - Amendment to FRS 19 Employee Benefits
  - Amendment to FRS 34 Interim Financial Reporting
- FRS 115 Revenue from Contracts with Customers
- FRS 109 Financial Instruments
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group anticipates that the adoption of the above FRSs and amendments to FRS will not result in any substantial change to the Group's accounting policies nor any material impact on the financial statements of the Group for the current period.



**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

The Group			
	Current first quarter ended 31 Mar 2016	Previous first quarter ended 31 Mar 2015	Increase/ (Decrease) %
Net profit attributable to equity holders of the Company (\$'000)	1,853	1,126	64.6
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-
Basic earnings per share (cents per share)	0.60	0.37	62.2
Diluted earnings per share (cents per share)	0.60	0.37	62.2

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the**

- (a) current period reported on and  
(b) immediately preceding financial year**

	The Group		The Company		Increase / (Decrease) %	
	As at 31 Mar 2016	As at 31 Dec 2015	As at 31 Mar 2016	As at 31 Dec 2015	The Group	The Company
Net tangible assets (\$'000)	104,786	102,916	44,333	43,809	1.8	1.2
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	33.97	33.37	14.37	14.20	1.8	1.2



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

### **Our Business**

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. We specialise in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil & gas related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have two core business segments: Construction and Maintenance.

### **Income Statement Review (First Quarter of 2016 vs First Quarter of 2015)**

	The Group					
	Current first quarter ended 31 Mar 2016		Previous first quarter ended 31 Mar 2015		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	20,718	84.4	19,731	72.0	987	5.0
Maintenance	3,836	15.6	7,668	28.0	(3,832)	(50.0)
<b>Total Revenue</b>	<b>24,554</b>	<b>100.0</b>	<b>27,399</b>	<b>100.0</b>	<b>(2,845)</b>	<b>(10.4)</b>

### **Revenue**

Our Group registered a revenue of \$24.6 million in the first quarter ended 31 March 2016 compared to \$27.4 million recorded in the first quarter ended 31 March 2015. The decrease in revenue from the maintenance segment was partially offset by a marginal increase in revenue from the construction segment.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from a few maintenance projects which were reaching completion during the first quarter ended 31 March 2016.



The decrease in revenue from the maintenance segment was partially offset by a 5.0% increase in revenue from the construction segment. The increase in revenue from the construction segment was attributable to the higher percentage of revenue recognised from a number of both existing and newly-awarded construction projects as they progressed to a more active phase in the first quarter ended 31 March 2016.

The construction segment continued to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 84.4% (2015: 72.0%) and 15.6% (2015: 28.0%), respectively, of our Group's revenue for the first quarter ended 31 March 2016.

#### Cost of works

Our cost of works decreased by 12.6% or \$3.1 million from \$24.7 million for the first quarter ended 31 March 2015 to \$21.6 million for the first quarter ended 31 March 2016. The decrease in cost of works was due mainly to:

- (a) a decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually subcontracted to external parties. Due to the nature of works required, our current projects do not require a large portion of specialised works during the first quarter ended 31 March 2016,

which was partially offset by:

- (b) an increase in labour costs due to (1) the write-back of over-accrued labour costs in the first quarter ended 31 March 2015 which did not recur in this current quarter ended 31 March 2016, and (2) levy and salary adjustments during the first quarter ended 31 March 2016.

#### Gross profit and gross profit margin

Consequently, our gross profit for the first quarter ended 31 March 2016 increased by 9.4% or \$0.3 million from \$2.7 million for the first quarter ended 31 March 2015 to \$3.0 million for the first quarter ended 31 March 2016.

Our gross profit margin improved from 9.9% for the first quarter ended 31 March 2015 to 12.1% for the first quarter ended 31 March 2016.

The higher gross profit margin was largely attributable to a few maintenance projects which had commanded better gross profit during the first quarter ended 31 March 2016.

#### Other income

Other income increased by \$0.4 million or 78.5% from \$0.6 million for the first quarter ended 31 March 2015 to \$1.0 million for the first quarter ended 31 March 2016. The increase was largely attributable to:

- (a) a technical management consultancy fee of \$0.6 million received in relation to a piling project in Jakarta, Indonesia during the first quarter ended 31 March 2016;
- (b) an increase in government grants of \$0.2 million which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme),



which were partially offset by:

- (c) loss in foreign exchange resulting from the weakening of the US dollar and Indonesian Rupiah against the Singapore dollar during the first quarter ended 31 March 2016.

#### Administrative expenses

Administrative expenses increased by \$0.2 million or 13.0% from \$2.0 million for the first quarter ended 31 March 2015 to \$2.2 million for the first quarter ended 31 March 2016. The increase was largely attributable to (1) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for the first quarter ended 31 March 2016, and (2) the increase in staff costs due to salary adjustments.

#### Finance expenses

Finance expenses remained relatively constant at \$15,000 and \$16,000 in the first quarter ended 31 March 2015 and 2016 respectively.

#### Share of results of associated companies and joint ventures

	The Group	
	31 Mar 2016	31 Mar 2015
	\$'000	\$'000
Share of profit of joint ventures <sup>(a)</sup>	18	3
Share of profit/(losses) of associated companies <sup>(b)</sup>	69	(33)
	<u>87</u>	<u>(30)</u>

(a) Share of profit of joint ventures

The share of profit of joint ventures increased by \$15,000 due mainly to recognition of higher profits for a construction project undertaken by Chye Joo – Or Kim Peow JV during the first quarter ended 31 March 2016.

(b) Share of profit/(losses) of associated companies

The increase in the share of profit of associated companies in the first quarter ended 31 March 2016 was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project secured during the financial year ended 31 December 2015.



#### Profit before income tax

Profit before income tax increased by \$0.6 million or 44.7% from \$1.3 million in the first quarter ended 31 March 2015 to \$1.9 million in the first quarter ended 31 March 2016. The increase was due mainly to (1) the increase in gross profit of \$0.3 million, (2) the increase in other income of \$0.4 million and (3) the increase in share of results of associated companies and joint ventures of \$0.1 million, which were partially offset by the increase in administrative expenses of \$0.2 million, as explained above.

#### Income tax expense

Income tax expense decreased by \$0.2 million or 91.0% from \$0.2 million in the first quarter ended 31 March 2015 to \$15,000 in the first quarter ended 31 March 2016.

The effective tax rate for the first quarter ended 31 March 2016 was 0.8%, which was lower than the statutory tax rate of 17.0%, due mainly to (1) enhanced tax deductions under the Productivity and Innovation Credit Scheme, (2) statutory stepped income tax exemption, (3) a tax rebate of 50% on the corporate tax payable and (4) a reversal of deferred tax of \$0.1 million made during the first quarter ended 31 March 2016.

The effective tax rate for the first quarter ended 31 March 2015 was 12.9%, which was lower than the statutory tax rate of 17.0%, due mainly to incentives from enhanced deduction for staff training, rental of qualified construction equipment and automation equipment expenditure under the Productivity and Innovation Credit scheme.

#### Net profit

Overall, for the first quarter ended 31 March 2016, net profit increased by \$0.8 million or 64.7%, from \$1.1 million for the first quarter ended 31 March 2015 to \$1.9 million for the first quarter ended 31 March 2016, following the increase in profit before income tax of \$0.6 million coupled with the decrease in income tax expense of \$0.2 million, as explained above.

Our net profit margin improved from 4.1% for the first quarter ended 31 March 2015 to 7.5% for the first quarter ended 31 March 2016.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There is no material deviation in the actual results for the first quarter ended 31 March 2016 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the financial year ended 31 December 2015.





**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Economic outlook

According to the Ministry of Trade and Industry (“MTI”) advance estimates, Singapore’s economy expanded by 1.8% during the first quarter of 2016 on a year-on-year (“y-o-y”) basis. When compared to the immediate preceding quarter, the economic growth was flat.

Industry outlook

The construction sector registered a strong growth of 6.2% in the first quarter on a y-o-y basis, largely due to construction activities from the public and private sectors. On a quarter-on-quarter seasonally-adjusted annualised basis, the construction sector achieved a greater pace of expansion of 10.2%.

The Building and Construction Authority (“BCA”) forecasted construction contracts to be awarded in 2016 to be in the range of \$27.0 billion to \$34.0 billion, out of which about 65.0% will be from the public sector. The percentage of projects from the public sector would represent the highest proportion since 2002. Comparatively, the private sector’s construction activity is expected to witness a decline, largely as a result of a slower economy as well as a higher supply of completed private construction projects.

The Singapore government has laid out its vision to have 75.0% of commuters utilise public transport as their main mode of transportation by 2030, translating to potentially higher long-term demand for public infrastructure works. Some of the major projects to be undertaken to achieve the vision include the proposed 21.5 km North-South Expressway with one lane carriageway dedicated to express bus services, and the Thomson-East Coast MRT line which is expected to cost \$24.0 billion. Large investments estimated to run into tens of billions of dollars are also being made in relation to the Changi Airport Terminal 5 project, spelling further opportunities for us in the civil engineering and infrastructure project space.

Company outlook and order book update

Rising business costs including labour costs as well as a shortage of experienced manpower continued to weigh on the industry and business environment. However, given the pipeline of projects secured in 2015 and the \$9.8 million PUB contract secured in February 2016 for drainage improvement works, we remain optimistic about our near-term prospects.

As at 31 March 2016, our net construction order book was \$322.1 million (31 March 2015: \$367.2 million), with revenue visibility extending to 2019.

On the property development and investment front, we have a 10% minority investment in CS Amber Development Pte Ltd, the developer of our first residential property project - Amber Skye - and a subsidiary of China Sonangol Land Pte. Ltd..

In addition, we also hold a 10% stake in Lakehomes Pte Ltd - a property development joint venture - which launched the Lake Life Executive Condominium (“EC”) located in Jurong and registered good sales performance.

We will continue to direct our efforts toward the civil engineering and infrastructure sector where we have strong expertise in, while actively pursuing opportunities in Singapore and abroad to build our project pipeline and strengthen our income streams.



**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

None.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared/recommendeded for the first quarter ended 31 March 2016.

The final one-tier tax exempt dividend of 0.7 cent per ordinary share and special one-tier tax exempt dividend of 0.3 cent per ordinary share for the financial year ended 31 December 2015 was approved at the Company's Fourteenth Annual General Meeting on 18 April 2016. Payment of the dividends will be made on 17 May 2016.

**13. Interested person transactions disclosure**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the first quarter ended 31 March 2016.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920.



**14. Use of proceeds as at 31 March 2016**

Exercise of 61,139,186 warrants at \$0.20 for each share as at 4 January 2013 raising net proceeds of \$12.2 million

<b>Use of proceeds</b>	<b>Amount allocated (\$'million)</b>	<b>Amount utilised (\$'million)</b>	<b>Balance amount (\$'million)</b>
To be used as general working capital for the Company	12.22	10.72	1.50

The amount of \$10.72 million had been utilised to fund the investment in and the loan to CS Amber Development Pte. Ltd., an associated company of the Group.

The unutilised proceeds are deposited with a bank pending deployment.

**15. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

**16. Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
9 May 2016