



**OKP HOLDINGS LIMITED**

胡金標控股有限公司

**Full Year Financial  
Statement and Dividend  
Announcement for the year ended**

**31 December 2016**



**20 February 2017**

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**Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 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			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	34,449	24,496	40.6	111,099	103,290	7.6
Cost of works	(23,679)	(20,653)	14.7	(89,180)	(89,522)	(0.4)
<b>Gross profit</b>	<b>10,770</b>	<b>3,843</b>	180.2	<b>21,919</b>	<b>13,768</b>	59.2
Other income	281	1,226	(77.1)	2,472	2,800	(11.7)
Expenses						
- Administrative	(4,200)	(2,998)	40.1	(10,841)	(9,028)	20.1
- Finance	(21)	(16)	31.3	(72)	(62)	16.1
Share of results of associated companies and joint ventures	2,546	73	3,387.7	3,029	128	2,266.4
<b>Profit before income tax</b>	<b>9,376</b>	<b>2,128</b>	340.6	<b>16,507</b>	<b>7,606</b>	117.0
Income tax expense	(1,356)	(194)	599.0	(2,169)	(602)	260.3
<b>Net profit</b>	<b>8,020</b>	<b>1,934</b>	314.7	<b>14,338</b>	<b>7,004</b>	104.7
Gross profit margin	31.3%	15.7%		19.7%	13.3%	
Net profit margin	23.3%	7.9%		12.9%	6.8%	
Effective tax rate	14.5%	9.1%		13.1%	7.9%	
Net profit attributable to:						
Equity holders of the Company	8,020	1,934	314.7	14,338	7,005	104.7
Non-controlling interests	-	-	-	-	(1)	n.m.
	8,020	1,934	314.7	14,338	7,004	104.7

n.m. : not meaningful



(i) Consolidated statement of comprehensive income for the fourth quarter and financial year ended 31 December 2016

Note	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Net profit</b>	8,020	1,934	314.7	14,338	7,004	104.7
Other Comprehensive income:						
Financial assets, available-for-sale						
- Fair value gain/ (loss), net of tax	1	28	(96.4)	25	(5)	600.0
<b>Total comprehensive income</b>	<b>8,021</b>	<b>1,962</b>	308.8	<b>14,363</b>	<b>6,999</b>	105.2
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	8,021	1,962	308.8	14,363	7,000	105.2
Non-controlling interests	-	-	-	-	(1)	n.m.
	8,021	1,962	308.8	14,363	6,999	105.2

Note:

(i) Fair value gain/(loss) were mainly attributable to higher/lower quoted prices of financial assets, available-for-sale respectively.

n.m. : not meaningful



(ii) Additional disclosures

Profit before income tax was arrived at:

	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	6	9	(33.3)	29	30	(3.3)
Amortisation of intangible assets	3	5	(40.0)	11	11	-
Depreciation of property, plant and equipment	167	161	3.7	652	642	1.6
Non-trade receivables written off	-	-	-	2	-	n.m.
Directors' remuneration						
- Directors of the Company	2,153	850	153.3	4,613	3,084	49.6
- Other Directors	108	101	6.9	429	428	0.2
Directors' fee	45	45	-	180	180	-
Interest paid and payable						
- Finance lease liabilities	21	16	31.3	72	62	16.1
Employees compensation cost	645	619	4.2	2,704	2,282	18.5
Allowance for impairment of non-trade receivable	758	650	16.6	758	650	16.6
Fair value loss/(gain) on investment properties	170	(110)	254.5	170	(110)	254.5
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	598	653	(8.4)	2,168	2,442	(11.2)
Amortisation of intangible assets	16	16	-	66	63	4.8
Employees compensation cost	6,682	6,474	3.2	25,755	23,925	7.6

n.m. : not meaningful



Note	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	163	119	37.0	616	298	106.7
- Financial assets, available for-sale	13	13	-	51	51	-
- Other receivables (non-current)	-	-	-	-	88	n.m.
Rental income from investment properties	47	47	-	189	190	(0.5)
Non-trade payables written off	-	-	-	-	438	n.m.
Technical management consultancy fee	-	856	n.m.	1,229	856	43.6
Government grant	61	47	29.8	429	246	74.4
Net gain on foreign exchange	164	9	1,722.2	36	210	(82.9)
Net (loss)/gain on disposal of property, plant and equipment	(12)	(2)	500.0	42	70	(40.0)

Notes:

(i) Gain 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 years

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

Tax expense attributable to profit is made up of:

- Profit from current financial year:

- Current income tax - Singapore
- Deferred income tax

1,911	509
322	64
2,233	573

- (Over)/under provision in prior financial years

- Current income tax - Singapore
- Deferred income tax

(64)	23
-	6
(64)	29

2,169	602
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**Notes to Statements of Financial Position:**

(i) Trade and other receivables

	The Group		The Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	9,135	2,364	-	-
- Subsidiary corporations	-	-	10,036	6,517
	9,135	2,364	10,036	6,517
Construction contracts				
- Due from customers	16,592	15,901	-	-
- Retentions	2,135	4,533	-	-
	18,727	20,434	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	729	767
- Joint venture partner	6	3	-	-
- Non-related parties	105	76	4	6
	111	79	733	773
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	111	79	45	85
Advance to subcontractors	386	-	-	-
Deposits	956	577	7	7
Prepayments	887	1,000	19	20
	30,202	24,454	10,107	6,629

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

(ii) Investments in subsidiary corporations

	The Company	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Equity investments at cost	17,522	17,522



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			31 Dec 2016	31 Dec 2015

Held by the Company

Or Kim Peow Contractors (Pte) Ltd(@)	Business of road and building construction and maintenance	Singapore	100%	100%
Eng Lam Contractors Co. (Pte) Ltd(@)	Business of road construction and maintenance	Singapore	100%	100%
OKP Technical Management Pte Ltd(@)(*)	Provision of technical management and consultancy services	Singapore	100%	100%
OKP Investments (China) Pte Ltd(@)(*)	Investment holding	Singapore	100%	100%
OKP (Oil & Gas) Infrastructure Pte Ltd(@)(&)	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(@)(*)	Provision of rental services and investment holding	Singapore	100%	100%
OKP Land Pte Ltd(@)	Investment holding and property development	Singapore	100%	100%
OKP Transport & Trading Pte Ltd(@)(*)	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 Dec 2016	31 Dec 2015
	\$'000	\$'000
<b>Interests in joint ventures</b>		
Beginning of financial year	2,988	3,262
Share of profit of investments accounted for using the equity method	2,707	48
Notional fair value of loan (net)	(91)	(322)
End of financial year	5,604	2,988

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			31 Dec 2016	31 Dec 2015

Held by subsidiary corporations

Incorporated joint ventures

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%

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

(\*) Registered on 4 May 2015.

(&) 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 December 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, an associated 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 at Yuan Ching Road/Tao Ching Road into an executive condominium. 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 venture 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 agreement was terminated on 3 May 2016.

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

The Group's joint arrangements are structured as limited companies and partnership such that the Group and the parties to the agreements have the rights to the net assets of the limited companies and partnership 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 Dec 2016	31 Dec 2015
	\$'000	\$'000
Assets		
- Current assets	292,295	258,830
Liabilities		
- Current liabilities	(187,762)	(66,786)
- Non-current liabilities	(67,144)	(181,533)
Net assets	37,389	10,511
Revenue	344,133	9,244
Expenses	(311,523)	(9,109)
Profit before income tax	32,610	135
Income tax expense	(5,789)	(44)
Net profit	26,821	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.



(iv) Investments in associated companies

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

**Interests in associated companies**

Beginning of financial year	651	71
Increase in shareholding in an associated company	-	500
Share of profit of associated companies	322	80
End of financial year	973	651

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

Held by a subsidiary corporation

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, 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 share capital 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 Dec 2016	31 Dec 2015
	\$'000	\$'000
Assets	284,524	253,975
Liabilities	(296,790)	(256,179)
Revenue	54,570	14,214
Net gain/(loss)	876	(3,614)

The Group has not recognised its share of losses of an associated company amounting to \$41,493 (2015: \$394,911) because the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to that entity amount to \$502,611 (2015: \$461,118) at the balance sheet date.

(v) Investment properties

	The Group	The Group
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Beginning of financial year	5,250	5,140
Fair value (loss)/gain recognised in profit and loss	(170)	110
End of financial year	5,080	5,250

The Group's policy is to revalue its investment properties on an annual basis.



At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure	Fair value	
			31 Dec 2016	31 Dec 2015
			\$'000	\$'000
190 Moulmein Road #10-03 The Huntington Singapore 308095	Apartment unit	Freehold	1,650	1,650
No 6 Tagore Drive B1-06 Tagore Building Singapore 787623	Office unit	Freehold	1,760	1,850
No 6 Tagore Drive B1-05 Tagore Building Singapore 787623	Office unit	Freehold	1,670	1,750

The investment properties are carried at fair values at the balance sheet date as determined by an independent professional valuer.

(vi) Other receivables (non-current)

	The Group		The Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Loan to an associated company				
- CS Amber Development Pte Ltd	19,680	19,680	-	-
Less: Allowance for impairment	(1,408)	(650)	-	-
	18,272	19,030	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	5,754	5,502	-	-
Loan to a subsidiary corporation	-	-	18,194	17,844
	<u>24,026</u>	<u>24,532</u>	<u>18,194</u>	<u>17,844</u>

The loan to an 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 loans made to a joint venture and a 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 Dec 2016	31 Dec 2015
\$'000	\$'000

Beginning of financial year	990	995
Fair value gain/(loss) recognised in other comprehensive income	25	(5)
End of financial year	1,015	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	1,015	990
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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 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	25	83	9	20
	<u>1,713</u>	<u>1,771</u>	<u>9</u>	<u>20</u>

(a) Goodwill arising on consolidation

*Cost/net book value*  
Beginning and end of financial 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

*Cost*

Beginning of financial year	369	353	55	39
Additions	19	16	-	16
End of financial year	<u>388</u>	<u>369</u>	<u>55</u>	<u>55</u>

*Accumulated amortisation*

Beginning of financial year	286	212	35	24
Amortisation charge	77	74	11	11
End of financial year	<u>363</u>	<u>286</u>	<u>46</u>	<u>35</u>
Net book value	<u>25</u>	<u>83</u>	<u>9</u>	<u>20</u>

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



(ix) Trade and other payables

	The Group		The Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	25,849	15,549	141	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	1,840	-	-	-
Accrued operating expenses	15,861	13,581	2,925	1,428
Other payables	140	134	-	-
	<u>43,740</u>	<u>29,314</u>	<u>8,413</u>	<u>6,867</u>

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



(x) Other reserves

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

(a) **Composition:**

Fair value reserve	1	(24)
Asset revaluation reserve	1,372	1,372
	<u>1,373</u>	<u>1,348</u>

(b) **Movements:**

***Fair value reserve***

Beginning of financial year	(24)	(19)
Financial asset – available-for-sale -Fair value gain/(loss)	25	(5)
End of financial year	<u>1</u>	<u>(24)</u>

***Asset revaluation reserve***

Beginning and end of financial 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 \$23.0 million, from \$83.4 million as at 31 December 2015 to \$106.4 million as at 31 December 2016. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$20.0 million. This was due mainly to the cash generated from operations for the financial year ended 31 December 2016 ("FY2016") of \$28.2 million, which was partially offset by cash used in investing activities of \$2.0 million, cash used in payment of dividends to shareholders of \$4.6 million, and repayment of finance lease liabilities and servicing of interest payments of \$1.6 million; and
- (b) an increase in trade and other receivables of \$5.7 million following higher revenue recognised for FY2016 coupled with higher amount of deposits made to suppliers and advances made to subcontractors during FY2016,

which were partially offset by:

- (c) a decrease in construction contract work-in-progress of \$2.7 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 December 2016 as compared to 31 December 2015.

### (ii) Non-current assets

Non-current assets increased by \$3.4 million, from \$54.4 million as at 31 December 2015 to \$57.8 million as at 31 December 2016. The increase was attributable to:

- (a) an increase in property, plant and equipment of \$1.2 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment;
- (b) an increase in investments in joint ventures of \$2.6 million due mainly to the share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover, and
- (c) an increase in investments in associated companies of \$0.3 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd,

which were partially offset by:

- (d) a decrease in other receivables of \$0.5 million arising from an allowance for impairment of \$0.8 million made in relation to a loan extended to an associated company, CS Amber Development Pte Ltd, which was partially offset by a notional fair value adjustment of \$0.3 million of the remaining loan to a joint venture, Lakehomes Pte Ltd, during FY2016; and
- (e) the fair value loss of \$0.2 million arising from the revaluation of some of the investment properties in FY2016.

### (iii) Current liabilities

Current liabilities increased by \$16.0 million, from \$30.8 million as at 31 December 2015 to \$46.8 million as at 31 December 2016. The increase was due mainly to:

- (a) an increase in trade and other payables of \$14.4 million arising from (1) an advance of \$2.0 million received from a customer for an on-going project and (2) billings received from sub-contractors and suppliers for work done and materials supplied towards the end of December 2016;
- (b) an increase in current income tax liabilities of \$1.4 million due to higher tax provision resulting from higher profits generated during FY2016; and
- (c) an increase in finance lease liabilities of \$0.2 million as a result of purchase of plant and machinery to support new projects during FY2016.



(iv) Non-current liabilities

Non-current liabilities increased by \$0.7 million, from \$2.3 million as at 31 December 2015 to \$3.0 million as at 31 December 2016. The increase was due mainly to:

- (a) an increase in finance lease liabilities of \$0.4 million as a result of purchase of plant and machinery to support new projects during FY2016; and
- (b) an increase in deferred tax liabilities of \$0.3 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes in FY2016.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$9.7 million, from \$104.7 million as at 31 December 2015 to \$114.4 million as at 31 December 2016. The increase was largely attributable to:

- (a) the profit generated from operations of \$14.3 million in FY2016,  
which was partially offset by:
  - (b) the dividend payment to shareholders of \$4.6 million during FY2016.

**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 Dec 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,120	-	950	-

(b) Amount repayable after one year

As at 31 Dec 2016		As at 31 Dec 2015	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
2,028	-	1,637	-

(c) Details of any collateral

The above secured borrowings of the Group relate to finance lease liabilities secured by way of 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

	The Group		The Group	
	Fourth Quarter ended 31 Dec		Financial Year ended 31 Dec	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Net profit	8,020	1,934	14,338	7,004
Adjustments for:				
- Income tax expense	1,356	194	2,169	602
- Depreciation of property, plant and equipment	765	814	2,820	3,084
- Amortisation of intangible assets	19	21	77	74
- Loss/(gain) on disposal of property, plant and equipment (net)	12	2	(42)	(70)
- Share of results of associated companies and joint ventures	(2,546)	(73)	(3,029)	(128)
- Fair value loss/(gain) on investment properties	170	(110)	170	(110)
- Interest income	(176)	(132)	(667)	(437)
- Interest expense	21	16	72	62
<b>Operating cash flow before working capital changes</b>	<b>7,641</b>	<b>2,666</b>	<b>15,908</b>	<b>10,081</b>
Change in working capital				
- Trade and other receivables	(5,495)	252	(4,989)	10,308
- Construction contract work-in-progress	(242)	(359)	2,736	1,716
- Trade and other payables	6,349	1,914	14,425	(1,995)
<b>Cash generated from operations</b>	<b>8,253</b>	<b>4,473</b>	<b>28,080</b>	<b>20,110</b>
- Interest received	163	119	616	298
- Income tax paid (net)	-	-	(443)	(154)
<b>Net cash generated from operating activities</b>	<b>8,416</b>	<b>4,592</b>	<b>28,253</b>	<b>20,254</b>
<b>Cash flows from investing activities</b>				
- Additions to property, plant and equipment	(865)	(416)	(1,987)	(1,511)
- Additions to intangible assets	-	(16)	(19)	(16)
- Disposal of property, plant and equipment	-	49	102	146
- Advance to a joint venture	-	-	(160)	-
- Repayment of loans by a joint venture	-	-	-	3,950
- Investment in an associated company	-	-	-	(500)
- Interest received	13	13	51	51
<b>Net cash (used in)/generated from investing activities</b>	<b>(852)</b>	<b>(370)</b>	<b>(2,013)</b>	<b>2,120</b>



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Fourth Quarter ended 31 Dec		Financial Year ended 31 Dec	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from financing activities</b>				
- Repayment of finance lease liabilities	(336)	(237)	(1,546)	(1,016)
- Interest paid	(21)	(16)	(72)	(62)
- Dividend paid to shareholders	-	-	(4,626)	(616)
- Bank deposits pledged	(48)	(42)	608	(101)
<b>Net cash used in financing activities</b>	<b>(405)</b>	<b>(295)</b>	<b>(5,636)</b>	<b>(1,795)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,159</b>	<b>3,927</b>	<b>20,604</b>	<b>20,579</b>
Cash and cash equivalents at the beginning of the financial period/year	62,953	45,581	49,508	28,929
<b>Cash and cash equivalents at the end of the financial period/year</b>	<b>70,112</b>	<b>49,508</b>	<b>70,112</b>	<b>49,508</b>

**Explanatory Notes:**

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

	The Group	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Cash at bank and on hand	16,127	20,605
Short-term bank deposits	58,558	34,084
Short-term bank deposits pledged to banks	74,685	54,689
	(4,573)	(5,181)
Cash and cash equivalents per consolidated statement of cash flows	70,112	49,508

Bank deposits of \$4,573,414 (2015: \$5,180,520) are pledged to banks for banking facilities of certain subsidiaries.



(ii) **Review of Cash Flows for FY2016**

**Net cash generated from operating activities**

Our Group reported net cash generated from operating activities of \$28.2 million in FY2016, an increase of \$7.9 million from net cash generated from operating activities of \$20.3 million in FY2015. The \$7.9 million increase in net cash generated from operating activities was due mainly to:

- (a) an increase in cash generated from operating activities before working capital changes of \$5.8 million;
- (b) an increase in net working capital inflow of \$2.1 million; and
- (c) an increase in interest received of \$0.3 million,

which were partially offset by:

- (d) an increase in income tax paid of \$0.3 million during FY2016.

**Net cash used in investing activities**

Net cash used in investing activities of \$2.0 million was due to:

- (a) the purchase of new property, plant and equipment and intangible assets of \$2.0 million; and
- (b) an advance of \$0.16 million granted to a joint venture, Lakehomes Pte Ltd, during FY2016,

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 FY2016.

**Net cash used in financing activities**

Net cash of \$5.6 million was used in financing activities in FY2016. The major outflows for FY2016 related to (1) dividend payments to shareholders of \$4.6 million, (2) repayment of finance lease liabilities of \$1.5 million and (3) payment of finance expenses of \$0.1 million. The \$6.2 million outflow was partially offset by a decrease in pledged deposit of \$0.6 million as a result of the cancellation of a bank facility during FY2016.

Overall, free cash and cash equivalents stood at \$70.1 million as at 31 December 2016, an increase of \$20.6 million, from \$49.5 million as at 31 December 2015. This works out to cash of 22.7 cents per share as at 31 December 2016 as compared to 16.05 cents per share as at 31 December 2015 (based on 308,430,594 issued shares as at 31 December 2016 and 31 December 2015).





(iii) **Review of Cash Flows for fourth quarter ended 31 December 2016**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the fourth quarter ended 31 December 2016 ("4Q2016") was \$8.4 million as compared to \$4.6 million for the fourth quarter ended 31 December 2015 ("4Q2015"). The \$3.8 million increase in net cash generated from operating activities was due to:

- (a) an increase in cash generated from operating activities before working capital changes of \$5.0 million,

which was partially offset by:

- (b) a decrease in net working capital inflow of \$1.2 million during 4Q2016.

Net cash used in investing activities

Net cash of \$0.9 million was used in investing activities for 4Q2016, compared with \$0.4 million for 4Q2015. The major outflows for 4Q2016 related to the purchase of new property, plant and equipment of \$0.9 million. The outflows for both quarters were partially offset by interest received from financial assets, available-for-sale.

Net cash used in financing activities

The net cash used in financing activities was \$0.4 million for 4Q2016, compared with \$0.3 million for 4Q2015. The major outflows related to repayment of finance lease liabilities and interest payments in both quarters.



**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 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
Total comprehensive income for the period	-	25	-	2,489	2,514	-	2,514
Dividend relating to FY2015	-	-	-	(3,084)	(3,084)	-	(3,084)
<b>As at 30 Jun 2016</b>	36,832	(1)	1,372	67,765	105,968	-	105,968
Total comprehensive income for the period	-	1	-	1,976	1,977	-	1,977
Interim dividend relating to FY2016	-	-	-	(1,542)	(1,542)	-	(1,542)
<b>As at 30 Sep 2016</b>	36,832	-	1,372	68,199	106,403	-	106,403
Total comprehensive income for the period	-	1	-	8,020	8,021	-	8,021
<b>As at 31 Dec 2016</b>	36,832	1	1,372	76,219	114,424	-	114,424



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 2015</b>	36,832	(19)	1,372	60,069	98,254	50	98,304
Total comprehensive income for the period	-	(1)	-	1,126	1,125	(1)	1,124
<b>As at 31 Mar 2015</b>	36,832	(20)	1,372	61,195	99,379	49	99,428
Total comprehensive income for the period	-	11	-	2,948	2,959	-	2,959
Effect of changes in shareholdings in a subsidiary	-	-	-	49	49	(49)	-
Dividend relating to FY2014	-	-	-	(308)	(308)	-	(308)
<b>As at 30 Jun 2015</b>	36,832	(9)	1,372	63,884	102,079	-	102,079
Total comprehensive income for the period	-	(43)	-	997	954	-	954
Interim dividend relating to FY2015	-	-	-	(308)	(308)	-	(308)
<b>As at 30 Sep 2015</b>	36,832	(52)	1,372	64,573	102,725	-	102,725
Total comprehensive income for the period	-	28	-	1,934	1,962	-	1,962
<b>As at 31 Dec 2015</b>	36,832	(24)	1,372	66,507	104,687	-	104,687



Attributable to equity holders of the Company		
Share capital	Retained profits	Total
\$'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>	36,832	7,519	44,351
Total comprehensive income for the period	-	1,643	1,643
Dividend relating to FY2015	-	(3,084)	(3,084)
<b>As at 30 Jun 2016</b>	36,832	6,078	42,910
Total comprehensive income for the period	-	132	132
Interim dividend relating to FY2016	-	(1,542)	(1,542)
<b>As at 30 Sep 2016</b>	36,832	4,668	41,500
Total comprehensive income for the period	-	4,878	4,878
<b>As at 31 Dec 2016</b>	36,832	9,546	46,378



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

The Company

<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>	36,832	3,976	40,808
Total comprehensive income for the period	-	95	95
Dividend relating to FY2014	-	(308)	(308)
<b>As at 30 Jun 2015</b>	36,832	3,763	40,595
Total comprehensive income for the period	-	484	484
Interim dividend relating to FY2015	-	(308)	(308)
<b>As at 30 Sep 2015</b>	36,832	3,939	40,771
Total comprehensive income for the period	-	3,058	3,058
<b>As at 31 Dec 2015</b>	36,832	6,997	43,829



**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 30 September 2016.

Under the Share Buy Back Mandate which was approved by the Shareholders on 18 April 2016, no shares were bought back by the Company during the fourth quarter ended 31 December 2016.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2016 and 31 December 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 December 2016	31 December 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 year 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 2017 or later periods and which the Group has not early adopted.

Effective for annual periods beginning on and or after 1 January 2018

- FRS 115 Revenue from Contracts with Customers
- FRS 109 Financial Instruments
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 40: Transfers of Investment Property
- Improvements to FRSs (December 2016)
  - Amendment to FRS 112 Disclosure of Interests in Other Entities
  - Amendment to FRS 28 Investments in Associates and Joint Ventures

Effective for annual periods beginning on and or after 1 January 2019

- FRS 116 Leases

Effective date to be determined\*

- 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 or any material impact on the financial statements of the Group for the current year.

\* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.



**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			The Group		
	Fourth Quarter ended 31 Dec		Increase / (Decrease)	Financial Year ended 31 Dec		Increase / (Decrease)
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	8,020	1,934	314.7	14,338	7,005	104.7
Weighted average number of ordinary shares in issue	308,430,594	308,430,594	-	308,430,594	308,430,594	-
Basic earnings per share (cents)	2.60	0.63	312.7	4.65	2.27	104.8
Diluted earnings per share (cents)	2.60	0.63	312.7	4.65	2.27	104.8

**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 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Dec 2015	The Group	The Company
Net tangible assets (\$'000)	112,711	102,916	46,369	43,809	9.5	5.8
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	36.54	33.37	15.03	14.20	9.5	5.8





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 and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and road-related facilities and building construction-related works. We have expanded our core business to include property development and investment. We tender for both public and private civil engineering and infrastructure construction projects.

We have two core business segments: Construction and Maintenance.

### Income Statement Review (Current financial year ended 31 December 2016 vs previous financial year ended 31 December 2015)

	The Group					
	Current financial year ended 31 December 2016		Previous financial year ended 31 December 2015		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	90,492	81.5	77,572	75.1	12,920	16.7
Maintenance	20,607	18.5	25,718	24.9	(5,111)	(19.9)
<b>Total Revenue</b>	<b>111,099</b>	<b>100.0</b>	<b>103,290</b>	<b>100.0</b>	<b>7,809</b>	<b>7.6</b>

### Revenue

Our Group reported a 7.6% or \$7.8 million increase in revenue to \$111.1 million for FY2016 as compared to \$103.3 million for FY2015. The increase was due mainly to a 16.7% increase in revenue from the construction segment to \$90.5 million, partially offset by a 19.9% decrease in revenue from the maintenance segment to \$20.6 million.

The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in FY2016.

The decrease in revenue from the maintenance segment was largely attributable to the substantial completion of some existing maintenance projects in FY2016.



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 81.5% (2015: 75.1%) and 18.5% (2015: 24.9%) respectively of our Group's revenue for FY2016.

#### Cost of works

Our cost of works marginally decreased by 0.4% or \$0.3 million from \$89.5 million for FY2015 to \$89.2 million for FY2016. The decrease in cost of works was due mainly to:

- (a) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from the change in construction designs coupled with the decreases in the prices of some raw materials; and
- (b) the decrease in preliminary costs and overheads such as professional fees, depreciation of property, plant and machinery, hiring costs and transportation costs during FY2016. The professional fees related to the engagement of consultants to design the construction methods of our on-going projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects,

which were partially offset by:

- (c) the increase 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 were usually subcontracted to external parties. Due to the nature of works, our current projects required a large portion of specialised works during FY2016; and
- (d) an increase in labour costs largely due to the write-back of over-accrued labour costs in FY2015 which did not recur in FY2016.

#### Gross profit and gross profit margin

Consequently, our gross profit for FY2016 increased by 59.2% or \$8.1 million from \$13.8 million for FY2015 to \$21.9 million for FY2016.

Our gross profit margin increased from 13.3% for FY2015 to 19.7% for FY2016.

The higher gross profit margin for FY2016 was largely attributable to the completion of a few maintenance projects which had commanded better gross profit and the recognition of variation orders for a construction project.

#### Other income

Other income decreased by \$0.3 million or 11.7% from \$2.8 million for FY2015 to \$2.5 million for FY2016. The decrease was largely attributable to:

- (a) a write-back of non-trade payables of \$0.4 million during FY2015, which did not recur in FY2016. This write-back of non-trade payables was a one-time exercise, as a result of the acquisition of the remaining 45% of the issued shares of a subsidiary corporation from the non-controlling shareholders;
- (b) a fair value loss of \$0.2 million arising from the revaluation of some of the investment properties in FY2016;



- (c) a decrease of \$0.2 million which was due mainly to the lower gain from foreign exchange resulting from the strengthening of the US dollar against the Singapore dollar; and
- (d) decrease in sale of construction materials and equipment hiring income from the rental of equipment and machinery during FY2016,

which were partially offset by:

- (e) an increase in a technical management consultancy fee of \$0.4 million received in relation to a piling project in Jakarta, Indonesia during FY2016;
- (f) an increase in interest income received of \$0.3 million due to higher interest earned from higher bank deposits during FY2016; and
- (g) 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).

#### Administrative expenses

Administrative expenses increased by \$1.8 million or 20.1% from \$9.0 million for FY2015 to \$10.8 million for FY2016. 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 FY2016, and (2) an increase in staff costs due to salary adjustments during FY2016.

#### Finance expenses

Finance expenses increased marginally by \$10,000 due mainly to an increase in finance lease liabilities arising from additional plant and equipment acquired to support new projects during FY2016.

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

The Group		
Financial Year ended 31 Dec 2016	Financial Year ended 31 Dec 2015	
\$'000	\$'000	
Share of profit of joint ventures <sup>(a)</sup>	2,707	48
Share of profit of associated companies <sup>(b)</sup>	322	80
	<hr/> 3,029	<hr/> 128



(a) Share of profit of joint ventures

The share of profit of joint ventures increased by \$2.7 million due mainly to:

- (i) the recognition of profit of \$2.6 million from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover; and
- (ii) the recognition of profit of \$88,000 for a construction project undertaken by Chye Joo – Or Kim Peow JV during FY2016.

(b) Share of profit of associated companies

The \$0.2 million increase in the share of profit of associated companies was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project secured during FY2016.

Profit before income tax

Profit before income tax increased by \$8.9 million or 117.0% from \$7.6 million for FY2015 to \$16.5 million for FY2016. The increase was due mainly to (1) the increase in gross profit of \$8.1 million and (2) the increase in the share of profit of associated companies and joint ventures of \$2.9 million. The increase was partially offset by (1) the increase in administrative expenses of \$1.8 million and (2) the decrease in other income of \$0.3 million, as explained above.

Income tax expense

Income tax expense increased by \$1.6 million or 260.3% from \$0.6 million in FY2015 to \$2.2 million in FY2016 due mainly to higher profit before income tax, as explained above.

The effective tax rates for FY2016 and FY2015 were 13.1% and 7.9% respectively.

The effective tax rate for FY2016 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 and (3) a tax rebate of 50% on the corporate tax payable.

Due to the utilisation of capital allowances carried forward from prior years, the effective tax rate of 7.9% for FY2015 was lower than the statutory tax rate of 17.0%.

Net profit

Overall, our net profit increased by \$7.3 million or 104.7%, from \$7.0 million for FY2015 to \$14.3 million for FY2016, following the increase in profit before income tax of \$8.9 million which was partially offset by the increase in income tax expense of \$1.6 million, as explained above.

Our net profit margin increased from 6.8% for FY2015 to 12.9% for FY2016.



## Income Statement Review (Fourth Quarter ended 31 Dec 2016 vs Fourth Quarter ended 31 Dec 2015)

	The Group					
	Current fourth quarter ended 31 Dec 2016		Previous fourth quarter ended 31 Dec 2015		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	26,174	76.0	19,680	80.3	6,494	33.0
Maintenance	8,275	24.0	4,816	19.7	3,459	71.8
<b>Total Revenue</b>	<b>34,449</b>	<b>100.0</b>	<b>24,496</b>	<b>100.0</b>	9,953	40.6

### Revenue

Our Group's revenue was \$34.4 million in 4Q2016 compared to \$24.5 million in 4Q2015.

The construction segment contributed \$26.2 million to our Group's revenue in 4Q2016, compared to \$19.7 million in 4Q2015. The increase in revenue from the construction segment was due to higher percentage of revenue recognition of a few key construction projects in 4Q2016.

Revenue from the maintenance segment increased by 71.8% to \$8.3 million in 4Q2016 from \$4.8 million in 4Q2015. The increase in revenue from the maintenance segment was due mainly to a higher percentage of contribution from a number of newly-awarded maintenance projects during 4Q2016.

### Cost of works

Our cost of works increased by 14.7% or \$3.0 million from \$20.7 million in 4Q2015 to \$23.7 million in 4Q2016. The increase in cost of works was due mainly to:

- (a) an increase 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 were usually subcontracted to external parties; and
- (b) the increase in labour costs during 4Q2016,

which were partially offset by:

- (c) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from better design and project implementation and decreases in the prices of some raw materials.



### Gross profit and gross profit margin

Our gross profit for 4Q2016 increased by \$6.9 million or 180.2% from \$3.8 million for 4Q2015 to \$10.7 million for 4Q2016.

Our gross profit margin improved from 15.7% in 4Q2015 to 31.3% in 4Q2016.

The higher gross profit margin was largely attributable to the completion of a few maintenance projects which had commanded better gross profit margin during 4Q2016.

### Other income

Other income decreased by \$0.9 million or 77.1% from \$1.2 million for 4Q2015 to \$0.3 million for 4Q2016. The decrease was due mainly to:

- (a) the recognition of a technical management consultancy fee of \$0.9 million in 4Q2015 which did not recur in 4Q2016; and
- (b) a fair value loss of \$0.2 million arising from the revaluation of some of the investment properties in 4Q2016 as compared to a fair value gain of \$0.1 million recognised in 4Q2015,

which were partially offset by:

- (c) an increase of \$0.2 million due mainly to the gain from foreign exchange resulting from the strengthening of the US dollar against the Singapore dollar in 4Q2016.

### Administrative expenses

Administrative expenses increased by \$1.2 million or 40.1% from \$3.0 million for 4Q2015 to \$4.2 million for 4Q2016. The increase was largely attributable to higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group during 4Q2016.

### Finance expenses

Finance expenses stood at \$21,000 and \$16,000 for 4Q2016 and 4Q2015 respectively.

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

The increase in share of profits of associated companies and joint ventures of \$2.5 million was due mainly to share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover during 4Q2016.

### Profit before income tax

Profit before income tax increased by \$7.3 million or 340.6% from \$2.1 million in 4Q2015 to \$9.4 million in 4Q2016. The increase was due mainly to (a) the increase in gross profit of \$6.9 million and (b) the increase in share of profits of associated companies and joint ventures of \$2.5 million. The increase was partially offset by (a) the decrease in other income of \$0.9 million and (b) an increase in administrative expenses of \$1.2 million, as explained above.



### Income tax expense

Income tax expense increased by \$1.2 million or 599.0% from \$0.2 million in 4Q2015 to \$1.4 million in 4Q2016.

The effective tax rate for 4Q2016 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.

The effective tax rate of 9.1% for 4Q2015 was lower than the statutory tax rate of 17.0% due to the utilisation of capital allowances carried forward from prior years during 4Q2015.

### Net profit

Overall, for 4Q2016, net profit increased by \$6.1 million or 314.7% to \$8.0 million as compared to \$1.9 million for 4Q2015 following the increase in profit before income tax of \$7.3 million which was partially offset by the increase in income tax expense of \$1.2 million, as explained above.

Our net profit margin increased from 7.9% for 4Q2015 to 23.3% for 4Q2016.

## **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 fourth quarter ended 31 December 2016 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the third quarter ended 30 September 2016.

## **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

The Ministry of Trade and Industry Singapore ("MTI") announced that the Singapore economy grew by 2.0% in 2016, a slight increase from the 1.9% expansion in 2015. The MTI has maintained its 2017 GDP growth forecast at 1% to 3%.

### Industry outlook

The construction sector contracted by 2.8% on a year-on-year basis during the fourth quarter of 2016, as compared to the 0.2% decline registered during the previous quarter. This was primarily due to a decrease in private sector construction. In contrast, the sector's pace of slowdown moderated on a quarter-on-quarter basis to 4.7% from 14.8% in the immediate preceding quarter.

The total worth of public sector projects reached about \$15.8 billion in 2016, and public sector building demand is likely to remain resilient given the anticipated flow of projects in the coming years from the second phase of the Deep Tunnel Sewerage System, North-South Corridor and Circle Line 6. The Building and Construction Authority ("BCA") estimated the total construction contracts to be awarded in 2017 to be between \$28.0 billion and \$35.0 billion, with about 70.0% from the public sector.

Over the medium to long term, major projects, including the Jurong Regional Line, Cross Island Line and various infrastructure developments for Changi Airport Terminal 5 project are also expected to buttress overall demand. Average construction demand is projected to be between \$26.0 billion and \$35.0 billion annually for 2018 and 2019, and \$26.0 billion to \$37.0 billion per year for 2020 and 2021.



Private residential property prices in Urban Redevelopment Authority's ("URA") latest flash estimates in 4Q2016 showed a gentler 0.5% decline in private residential property prices compared to the 1.5% decline in the preceding quarter. Overall prices for 2016 slipped 3.1% compared to the 3.7% decline in 2015 - the slowest rate of decline in three years. The URA data also suggested healthy demand, with developers selling 7.2% more units in 2016 at 7,972 units, compared to 7,440 units in 2015. With improving sentiments, subdued pricing and still-low interest rates, demand for private residential properties should remain resilient in 2017.

#### Company outlook and order book update

There will continue to be some challenges to our operations due to rising business costs and shortage of skilled and experienced manpower in this tight labour market. However, we are assured of the outlook, given the positive industry prospects over the long-term. We are also well-supported by a total of five projects amounting to \$101.8 million secured in 2016. Going forward, we will remain active in tendering for new large-scale infrastructure projects in Singapore.

As at 31 December 2016, the Group's net construction order book stood at \$329.9 million (31 December 2015: \$344.8 million), with revenue visibility extending to 2019.

For our property development and investment segment, the Group holds a 10% minority investment in CS Amber Development Pte Ltd, which is the developer of the Group's first residential property project, Amber Skye. Effort in marketing the units of the 109-unit freehold development will continue.

We also hold a 10% stake in Lakehomes Pte Ltd, a property development joint venture that launched the LakeLife Executive Condominium ("EC"). This EC in Jurong has sold almost all its units and the Temporary Occupation Permit had been received on 30 December 2016.

Going forward, we remain focused on augmenting our competencies and building on our established track record in the field of civil engineering. To broaden our revenue streams, we will continue to seek new business opportunities in Singapore and overseas.





## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividends	Final	Special
Dividend Type	Cash	Cash
Dividend amount per share	\$0.007	\$0.008
	One-tier tax exempt	One-tier tax exempt

On 27 September 2016, the Company had paid a one-tier tax exempt interim dividend of \$0.005 per share in respect of FY2016.

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

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

Name of Dividends	Final	Special
Dividend Type	Cash	Cash
Dividend amount per share	\$0.007	\$0.003
	One-tier tax exempt	One-tier tax exempt

On 17 September 2015, the Company had paid a one-tier tax exempt interim dividend of \$0.001 per share in respect of FY2015.

### (c) Date payable

Payment of the said dividends, if approved by shareholders at the forthcoming Fourteenth Annual General Meeting of the Company to be held on 24 April 2017 (Monday), will be made on 17 May 2017.

### (d) Books closure date

Notice is hereby given that the Share Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. on 3 May 2017 for the preparation of dividend payment. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 3 May 2017 will be registered to determine shareholders' entitlement to the proposed final and special dividends.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 3 May 2017 will be entitled to the proposed final and special dividends.



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

Not applicable.

**13. Interested person transactions disclosure**

Name of Interested Person	Aggregate value of all interested person transactions during three months ended 31 December 2016 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during three months ended 31 December 2016 conducted under shareholders' mandate pursuant to Rule 920
Niru & Co LLC - Deposit paid	\$'000	\$'000
	2	-

**Notes:**

- (a) Mr Nirumalan s/o V Kanapathi Pillai, who is the independent director of the Company, is the Managing Director of Niru & Co LLC, which provides legal and professional services to the Group.

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



**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Business Segments

The Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

- (i) Construction – It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings, airports infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals.
- (ii) Maintenance – It relates to re-construction work performed on roads, road reserves, pavements, footpaths and kerbs, guardrails, railings, drains, signboards as well as bus bays and shelters.

	Primary Reporting- Business Segment					
	Current financial year ended 31 December 2016			Previous financial year ended 31 December 2015		
	Construction \$'000	Maintenance \$'000	Total \$'000	Construction \$'000	Maintenance \$'000	Total \$'000
<b>The Group</b>						
<b>Revenue</b>						
Total segment revenue	90,513	24,389	114,902	77,572	30,594	108,166
Inter-segment revenue	(21)	(3,782)	(3,803)	-	(4,876)	(4,876)
Revenue to external parties	90,492	20,607	111,099	77,572	25,718	103,290
<b>Gross profit</b>	12,552	9,367	21,919	6,560	7,208	13,768
Other income			2,472			2,800
Unallocated costs			(10,841)			(9,028)
Share of results of associated companies and joint ventures			3,029			128
			16,579			7,668
Finance expenses			(72)			(62)
Profit before income tax			16,507			7,606
Income tax expense			(2,169)			(602)
<b>Net profit</b>			14,338			7,004
Segment assets	26,567	4,964	31,531	23,694	5,136	28,830
Segment liabilities	32,040	6,555	38,595	18,393	7,901	26,294



Revenue between segments are carried out as agreed by both parties. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on gross profit. Administrative and finance expenses and other income are not allocated to segments.

#### Geographical Segments

Our Group operates predominately in Singapore.

#### **15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

As explained under paragraph 8 above.

	The Group				
	Current financial year ended 31 December 2016		Previous financial year ended 31 December 2015		Increase / (Decrease)
	\$'000	Gross profit margin	\$'000	Gross profit margin	\$'000
Construction	12,552	13.9%	6,560	8.5%	5,992
Maintenance	9,367	45.5%	7,208	28.0%	2,159
<b>Total gross profit</b>	<b>21,919</b>	<b>19.7%</b>	<b>13,768</b>	<b>13.3%</b>	<b>8,151</b>

The gross profit of the construction segment improved by \$6.0 million from a gross profit of \$6.6 million for FY2015 to a gross profit of \$12.6 million for FY2016.

The improvement in the gross profit margin of the construction segment was due mainly to the recognition of variation orders for a construction project coupled with cost savings in certain construction projects which yielded higher gross profit margins. These were mainly due to better project management such as proper site planning, detailed planning in the construction processes, effective site management and tighter cost controls, such as minimising construction material wastage at site and employing effective methodologies in every stage of construction.

The gross profit margin of the maintenance segment improved from 28.0% in FY2015 to 45.5% in FY2016. The significant improvement in gross profit of the maintenance segment was largely attributable to our continuous stringent project management. Some of the maintenance projects had given us the autonomy and flexibility in project management and labour management, helping to boost our margins in this segment further.



**16. A breakdown of sales**

	The Group			
	Current financial year ended 31 Dec 2016	Previous financial year ended 31 Dec 2015	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
(a) Sales reported for first half year	48,588	54,586	(5,998)	(11.0)
(b) Operating profit after taxation before deducting non-controlling interests reported for the first half year	4,342	4,073	269	6.6
(c) Sales reported for second half year	62,511	48,704	13,807	28.3
(d) Operating profit after taxation before deducting non-controlling interests reported for the second half year	9,996	2,931	7,065	241.0



**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend

	FY2016 (\$'000)	FY2015 (\$'000)
Ordinary	6,169	3,393
Preference	-	-
Total	6,169	3,393

FY2016

Based on the interim dividend of \$0.005 per share for 308,430,594 shares and the proposed final and special dividends of \$0.015 per share for 308,430,594 shares which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

FY2015

Based on the interim dividend of \$0.001 per share and final and special dividends of \$0.01 per share for 308,430,594 shares.

**18. Use of proceeds as at 31 December 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

Use of proceeds	Amount allocated (\$'million)	Amount utilised (\$'million)	Balance amount (\$'million)
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.



19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Or Kim Peow	82	Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Group Chairman of the Company, overseeing the overall management and strategic development of the Group. Position held since 2002.	NA
Or Toh Wat	49	Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Group Managing Director of the Company, responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group. Position held since 2002.	NA



Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Beng Tin	61	Wife of Mr Or Kim Peow (Group Chairman); Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Executive Director of the Company, responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd. Position held since 2002.	NA
Or Kiam Meng	52	Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Executive Director of the Company, responsible for overseeing the daily site management and operations of Or Kim Peow Contractors (Pte) Ltd. Position held since 2002.	NA
Oh Enc Nam	61	Nephew of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow	Executive Director of the Company, responsible for the day-to-day management and the overall operations of Eng Lam Contractors Co. (Pte) Ltd. Position held since 2002.	NA





Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Or Lay Huat Daniel	39	Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director) and Mr Or Kiam Meng (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Executive Director of the Company, responsible for business development, investor relations and corporate communications of the Group. Position held since 2006.	NA
Or Yew Whatt	59	Nephew of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Executive Director of Eng Lam Contractors Co. (Pte) Ltd, responsible for the supervision of projects, resolving site issues and involved in the project tender process. Position held since 1992.	NA
Oh Kim Poy	77	Brother of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	Executive Director of Eng Lam Contractors Co. (Pte) Ltd, responsible for supervising and monitoring of projects. Position held since 1992.	NA



**20. 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  
20 February 2017