



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 2017



12 February 2018

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Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2017
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)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	26,133	34,449	(24.1)	117,294	111,099	5.6
Cost of works	(21,049)	(23,679)	(11.1)	(95,600)	(89,180)	7.2
Gross profit	5,084	10,770	(52.8)	21,694	21,919	(1.0)
Other income	151	281	(46.3)	882	2,472	(64.3)
Expenses						
- Administrative	(2,578)	(4,200)	(38.6)	(10,033)	(10,841)	(7.5)
- Finance	(19)	(21)	(9.5)	(77)	(72)	6.9
Share of results of associated companies and joint ventures	(98)	2,546	(103.8)	2,521	3,029	(16.8)
Profit before income tax	2,540	9,376	(72.9)	14,987	16,507	(9.2)
Income tax expense	(570)	(1,356)	(58.0)	(2,270)	(2,169)	4.7
Net profit	1,970	8,020	(75.4)	12,717	14,338	(11.3)
Gross profit margin	19.5%	31.3%		18.5%	19.7%	
Net profit margin	7.5%	23.3%		10.8%	12.9%	
Effective tax rate	22.4%	14.5%		15.1%	13.1%	
Net profit attributable to:						
Equity holders of the Company	1,970	8,020	(75.4)	12,717	14,338	(11.3)



(i) Consolidated statement of comprehensive income for the fourth quarter and financial year ended 31 December 2017

Note	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	1,970	8,020	(75.4)	12,717	14,338	(11.3)
Other Comprehensive income:						
Financial assets, available-for-sale						
- Fair value gains, net of tax	-	1	n.m.	5	25	(80.0)
- Reclassification	-	-	-	(6)	-	n.m.
	-	1	n.m.	(1)	25	(104.0)
Total comprehensive income	1,970	8,021	(75.4)	12,716	14,363	(11.5)
Total comprehensive income attributable to:						
Equity holders of the Company	1,970	8,021	(75.4)	12,716	14,363	(11.5)

Note:

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

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)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	6	6	-	26	29	(10.3)
Amortisation of intangible assets	1	3	(66.7)	4	11	(63.6)
Depreciation of property, plant and equipment	121	167	(27.5)	465	652	(28.7)
Non-trade receivables written off	-	-	-	27	2	1,250.0
Directors' remuneration						
- Directors of the Company	1,159	2,153	(46.2)	4,366	4,613	(5.4)
- Other Directors	110	108	1.9	436	429	1.6
Directors' fee	45	45	-	180	180	-
Interest paid and payable						
- Finance lease liabilities	18	21	(14.3)	76	72	5.6
Employees compensation cost	717	645	11.2	2,852	2,704	5.5
Available-for-sale financial assets						
- Loss on disposal	12	-	n.m.	15	-	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	6	-	n.m.
Allowance for impairment of non-trade receivable	-	758	n.m.	-	758	n.m.
Fair value loss on investment properties	150	170	(11.8)	150	170	(11.8)
<u>Included in the cost of works are the following:-</u>						
Depreciation of property, plant and equipment	621	598	3.8	2,331	2,168	7.5
Amortisation of intangible assets	9	16	(43.8)	12	66	(81.8)
Employees compensation cost	6,188	6,682	(7.4)	26,190	25,755	1.7

n.m. : not meaningful



Note	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After crediting:-</u>						
Interest income						
- Bank deposits	204	163	25.2	753	616	22.2
- Financial assets, available for-sale	-	13	n.m.	36	51	(29.4)
Rental income from investment properties	80	47	70.2	236	189	24.9
Technical management consultancy fee	-	-	-	-	1,229	n.m.
Government grant	60	61	(1.6)	202	429	(52.9)
(Loss)/gain on foreign exchange	(43)	164	(126.2)	(224)	36	(722.2)
Net (loss)/gain on disposal of property, plant and equipment	-	(12)	n.m.	7	42	(83.3)

Notes:

(i) (Loss)/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 2017	31 Dec 2016
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial year:

- Current income tax - Singapore
- Deferred income tax

2,062	1,911
138	32

2,200 1,934

- Under/(over) provision in prior financial years

- Current income tax - Singapore
- Deferred income tax

70	(64)
-	299

70 235

2,270 2,169



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 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
	86,107	74,685	3,547	3,771
i	24,486	30,202	11,914	10,107
	1,470	1,502	-	-
	112,063	106,389	15,461	13,878
Non-current assets				
ii	-	-	19,219	17,522
iii	5,496	5,604	-	-
iv	3,175	973	-	-
v	7,200	5,080	-	-
vi	16,600	24,026	16,847	18,194
vii	-	1,015	-	-
	20,055	19,417	5,263	5,211
viii	1,737	1,713	6	10
	54,263	57,828	41,335	40,937
Total assets	166,326	164,217	56,796	54,815
LIABILITIES				
Current liabilities				
ix	38,082	43,740	8,146	8,413
	1,067	1,120	-	-
	2,159	1,953	33	19
	41,308	46,813	8,179	8,432
Non-current liabilities				
	1,414	2,028	-	-
	1,091	953	3	5
	2,505	2,981	3	5
Total liabilities	43,813	49,794	8,182	8,437
NET ASSETS	122,513	114,423	48,614	46,378
EQUITY				
Capital and reserves attributable to equity holders of the Company				
	36,832	36,832	36,832	36,832
x	1,372	1,373	-	-
	84,309	76,218	11,782	9,546
Total equity	122,513	114,423	48,614	46,378
Net tangible assets	120,776	112,710	48,608	46,368



Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group		The Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	1,809	9,135	-	-
- Subsidiary corporations	-	-	11,845	10,036
	1,809	9,135	11,845	10,036
Construction contracts				
- Due from customers	14,998	16,592	-	-
- Retentions	1,796	2,135	-	-
	16,794	18,727	-	-
Non-trade receivables				
- Subsidiary corporations	-	-	726	729
- Joint venture partner	2	6	-	-
- Non-related parties	102	105	-	4
	104	111	726	733
Less: Allowance for impairment of receivables	-	-	(688)	(688)
Non-trade receivables - net	104	111	38	45
Loan to a joint venture	3,852	-	-	-
- Lakehomes Pte Ltd				
Advance to subcontractors	72	386	-	-
Deposits	1,162	956	7	7
Prepayments	693	887	24	19
	24,486	30,202	11,914	10,107

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

The loan to joint venture has remaining maturity period of 1 year (2016: 2 years).

(ii) Investments in subsidiary corporations

The Company	
31 Dec 2017	31 Dec 2016
\$'000	\$'000

Equity investments at cost

Beginning of financial year	17,522	17,522
Notional fair value of loan (net)	1,697	-
End of financial year	19,219	17,522



Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding	
			31 Dec 2017	31 Dec 2016

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 (Singapore) 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 2017	31 Dec 2016
\$'000	\$'000

Interests in joint ventures

Beginning of financial year	5,604	2,988
Share of profit of joint ventures	1,991	2,707
Dividends received	(2,000)	-
Notional fair value of loan (net)	(99)	(91)
End of financial year	5,496	5,604

Name of joint ventures	Principal activities	Country of incorporation	Equity holding	
			31 Dec 2017	31 Dec 2016

Held by subsidiary corporations

Incorporated joint ventures

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

Unincorporated joint ventures

Chye Joo – Or Kim Peow JV ^{(*)(4)}	Business of general construction	Singapore	50%	50%
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(@) 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 incorporation.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 31 December 2017. 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 (2016: \$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 Construction Group 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 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.

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 Dec 2017	31 Dec 2016
	\$'000	\$'000
Assets		
- Current assets	110,877	293,295
Liabilities		
- Current liabilities	(59,197)	(188,759)
- Non-current liabilities	-	(67,144)
Net assets	51,680	37,392
Revenue	303,226	344,337
Expenses	(280,861)	(311,727)
Profit before income tax	22,365	32,610
Income tax expense	(3,881)	(5,789)
Net profit	18,484	26,821

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 2017	31 Dec 2016
\$'000	\$'000

Interests in associated companies

Beginning of financial year	973	651
Share of profit of associated companies	530	322
Notional fair value of loan	1,672	-
End of financial year	3,175	973

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			31 Dec 2017	31 Dec 2016

Held by subsidiary corporations

CS Amber Development Pte Ltd ^{(@)(1)}	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd ^{(#)(2)}	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 CS 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 2017	31 Dec 2016
	\$'000	\$'000
Assets		
- Current assets	288,397	284,362
- Non-current assets	485	638
Liabilities		
- Current liabilities	(19,701)	(24,770)
- Non-current liabilities	(276,314)	(272,771)
Net liabilities	(7,133)	(12,541)
Revenue		
Revenue	183,189	52,358
Expenses		
Expenses	(177,686)	(51,678)
Profit before income tax	5,503	680
Income tax expense	(94)	(79)
Net profit	5,409	601

The Group has not recognised its share of profits of an associated company amounting to \$328,889 (31 December 2016: loss of \$69,060) because the Group's cumulative share of unrecognised losses with respect to that entity amount to \$201,289 (31 December 2016: \$530,178) at the balance sheet date.

(v) Investment properties

The Group		
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Beginning of financial year	5,080	5,250
Additions	2,270	-
Fair value loss recognised in profit and loss	(150)	(170)
End of financial year	7,200	5,080

Investment properties are leased to non-related parties under operating leases.

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 2017	31 Dec 2016
			\$'000	\$'000
No 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	1,680	1,760
No 6 Tagore Drive B1-05 Tagore Building Singapore 787623 (*)	Office unit	Freehold	1,600	1,670
7 Woodlands Industrial Park E2 Singapore 757450	3-storey factory	60-year lease from 25 Sep 2006	2,270	-

(*) 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Loan to an associated company				
- CS Amber Development Pte Ltd	19,680	19,680	-	-
- Notional fair value of loan (net)	(1,672)	-	-	-
Less: Allowance for impairment	(1,408)	(1,408)	-	-
	16,600	18,272	-	-
Loan to a joint venture				
- Lakehomes Pte Ltd	-	5,754	-	-
Loan to a subsidiary corporation	-	-	16,847	18,194
	<u>16,600</u>	<u>24,026</u>	<u>16,847</u>	<u>18,194</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 subsidiary corporation are unsecured and interest-free advances for the purpose of operating and development activities. 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 2017	31 Dec 2016
\$'000	\$'000

Beginning of financial year	1,015	990
Fair value gain recognised in other comprehensive income	5	25
Disposals	(1,020)	-

End of financial year	-	1,015
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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
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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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
\$'000	\$'000	\$'000	\$'000

Composition:

Goodwill arising on consolidation	1,688	1,688	-	-
Computer software licences	49	25	6	10
	<u>1,737</u>	<u>1,713</u>	<u>6</u>	<u>10</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	388	369	55	55
Additions	40	19	-	-
End of financial year	<u>428</u>	<u>388</u>	<u>55</u>	<u>55</u>

Accumulated amortisation

Beginning of financial year	363	286	45	35
Amortisation charge	16	77	4	11
End of financial year	<u>379</u>	<u>363</u>	<u>49</u>	<u>45</u>
Net book value	<u>49</u>	<u>25</u>	<u>6</u>	<u>10</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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Non-related parties	22,740	25,849	98	141
Non-trade payables				
- Subsidiary corporations	-	-	5,342	5,347
- Joint venture partner	50	50	-	-
	50	50	5,342	5,347
Construction contracts				
- Advances received	263	1,840	-	-
Accrued operating expenses	14,822	15,861	2,706	2,925
Other payables	207	140	-	-
	<u>38,082</u>	<u>43,740</u>	<u>8,146</u>	<u>8,413</u>

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



(x) Other reserves

The Group	
31 Dec 2017	31 Dec 2016
\$'000	\$'000

(a) **Composition:**

Fair value reserve	-	1
Asset revaluation reserve	1,372	1,372
	<u>1,372</u>	<u>1,373</u>

(b) **Movements:**

Fair value reserve

Beginning of financial year	1	(24)
Financial asset – available-for-sale -Fair value gain	5	25
Reclassification to profit and loss	(6)	-
End of financial year	<u>-</u>	<u>1</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 \$5.7 million, from \$106.4 million as at 31 December 2016 to \$112.1 million as at 31 December 2017. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$11.4 million. This was due mainly to the cash generated from operations for the financial year ended 31 December 2017 ("FY2017") of \$17.4 million, which was partially offset by cash used in investing activities of \$0.1 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 \$1.3 million,

which was partially offset by:

- (b) a decrease in trade and other receivables of \$5.7 million due to settlement of billings by a few customers during FY2017.

(ii) Non-current assets

Non-current assets decreased by \$3.5 million, from \$57.8 million as at 31 December 2016 to \$54.3 million as at 31 December 2017. The decrease was attributable to:

- (a) a decrease in financial assets, available-for-sale of \$1.0 million resulting from the sale of a financial asset, available-for-sale; and
- (b) a decrease in other receivables of \$7.4 million arising from (1) reclassification of a loan to a joint venture, Lakehomes Pte Ltd of \$3.8 million to current assets as the loan will be repaid in one year or less, (2) the repayment of loan of \$2.0 million and (3) a notional fair value adjustment of \$1.6 million of the loan to an associated company, CS Amber Development Pte Ltd,

which were partially offset by:

- (c) an increase in investment properties of \$2.1 million resulting from the purchase of the property at 7 Woodlands Industrial Park E2 Singapore 757450 for \$2.2 million, which was partially offset by the fair value loss of \$0.1 million arising from the revaluation of some investment properties in FY2017;
- (d) an increase in property, plant and equipment of \$0.6 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment; and
- (e) an increase in investments in associated companies of \$2.2 million arising from (1) the share of profit of \$0.5 million from an associated company, United Singapore Builders Pte Ltd and (2) a notional fair value adjustment of \$1.6 million of the loan to a joint venture, CS Amber Development Pte Ltd,

during FY2017.

(iii) Current liabilities

Current liabilities decreased by \$5.5 million, from \$46.8 million as at 31 December 2016 to \$41.3 million as at 31 December 2017. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$5.6 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables during FY2017; and
- (b) a decrease in finance lease liabilities of \$0.1 million as a result of repayment of finance lease liabilities,

which were partially offset by:

- (c) an increase in current income tax liabilities of \$0.2 million due to certain non-deductible items added back for tax purposes during FY2017.



(iv) Non-current liabilities

Non-current liabilities decreased by \$0.5 million, from \$3.0 million as at 31 December 2016 to \$2.5 million as at 31 December 2017. The decrease was due mainly to:

- (a) a decrease in finance lease liabilities of \$0.6 million as a result of repayment of finance lease liabilities during FY2017,

which was partially offset by:

- (b) an increase in deferred tax liabilities of \$0.1 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes in FY2017.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$8.1 million, from \$114.4 million as at 31 December 2016 to \$122.5 million as at 31 December 2017. The increase was largely attributable to:

- (a) the profit generated from operations of \$12.7 million in FY2017,

which was partially offset by:

- (b) the dividend payment to shareholders of \$4.6 million during FY2017.

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 2017		As at 31 Dec 2016	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,067	-	1,120	-

- (b) Amount repayable after one year

As at 31 Dec 2017		As at 31 Dec 2016	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,414	-	2,028	-

- (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	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	1,970	8,020	12,717	14,338
Adjustments for:				
- Income tax expense	570	1,356	2,270	2,169
- Depreciation of property, plant and equipment	742	765	2,796	2,820
- Amortisation of intangible assets	10	19	16	77
- Gain on disposal of property, plant and equipment (net)	-	12	(7)	(42)
- Loss on disposal of financial asset, available-for-sale	12	-	15	-
- Property, plant and equipment written off	-	-	-	12
- Share of loss/(profit) of investments accounted for using the equity method	98	(2,546)	(2,521)	(3,029)
- Fair value loss on investment properties	150	170	150	170
- Interest income	(204)	(176)	(789)	(667)
- Interest expense	18	21	76	72
Operating cash flow before working capital changes	3,366	7,641	14,723	15,920
Change in working capital				
- Trade and other receivables	9,858	(5,495)	9,568	(4,989)
- Construction contract work-in-progress	421	(242)	32	2,736
- Trade and other payables	(3,534)	6,349	(5,658)	14,425
Cash generated from operations	10,111	8,253	18,665	28,092
- Interest received	204	163	753	616
- Income tax paid (net)	(269)	-	(1,927)	(443)
Net cash generated from operating activities	10,046	8,416	17,491	28,265
Cash flows from investing activities				
- Additions to property, plant and equipment	(1,164)	(865)	(2,877)	(1,987)
- Additions to intangible assets	(40)	-	(40)	(19)
- Additions to investment properties	-	-	(2,270)	-
- Disposal of property, plant and equipment	-	-	35	90
- Advance to a joint venture	-	-	-	(160)
- Dividends received from a joint venture	2,000	-	2,000	-
- Repayment of loans by a joint venture	-	-	2,000	-
- Disposal of financial asset, available-for-sale	-	-	1,000	-
- Interest received	-	13	36	51
Net cash generated from /(used in) investing activities	796	(852)	(116)	(2,025)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Fourth Quarter ended 31 Dec		Financial Year ended 31 Dec	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(306)	(336)	(1,252)	(1,546)
- Interest paid	(18)	(21)	(76)	(72)
- Dividend paid to equity holders of the Company	-	-	(4,626)	(4,626)
- Bank deposits pledged	1	(48)	18	608
Net cash used in financing activities	(323)	(405)	(5,936)	(5,636)
Net increase in cash and cash equivalents	10,519	7,159	11,439	20,604
Cash and cash equivalents at the beginning of the financial period/year	71,032	62,953	70,112	49,508
Cash and cash equivalents at the end of the financial period/year	81,551	70,112	81,551	70,112

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 2017	31 Dec 2016
	\$'000	\$'000
Cash at bank and on hand	27,174	16,110
Short-term bank deposits	58,933	58,575
Short-term bank deposits pledged to banks	86,107	74,685
	(4,556)	(4,573)
Cash and cash equivalents per consolidated statement of cash flows	81,551	70,112

Bank deposits of \$4,555,914 (2016: \$4,573,414) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of Cash Flows for FY2017**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$17.5 million in FY2017, a decrease of \$10.8 million from net cash generated from operating activities of \$28.3 million in FY2016. The \$10.8 million decrease in net cash generated from operating activities was due mainly to:

- (a) a decrease in cash generated from operating activities before working capital changes of \$1.2 million;
- (b) a decrease in net working capital inflow of \$8.2 million; and
- (c) an increase in income tax paid of \$1.5 million during FY2017,

which were partially offset by:

- (d) an increase in interest received of \$0.1 million during FY2017.

Net cash used in investing activities

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

- (a) the purchase of new property, plant and equipment and intangible assets of \$2.9 million; and
- (b) the purchase of an investment property at 7 Woodlands Industrial Park E2 Singapore 757450 for \$2.2 million during FY2017,

which were partially offset by:

- (c) the repayment of loan by a joint venture, Lakehomes Pte Ltd, of \$2.0 million;
- (d) the proceeds received from the disposal of financial asset, available-for-sale of \$1.0 million; and
- (e) dividends of \$2.0 million received from a joint venture, Forte Builder Pte Ltd,

during FY2017.

Net cash used in financing activities

Net cash of \$5.9 million was used in financing activities in FY2017. The major outflows for FY2017 related to (1) dividend payments to shareholders of \$4.6 million, (2) repayment of finance lease liabilities of \$1.2 million and (3) payment of finance expenses of \$0.1 million during FY2017.

Overall, free cash and cash equivalents stood at \$81.5 million as at 31 December 2017, an increase of \$11.4 million, from \$70.1 million as at 31 December 2016. This works out to cash of 26.4 cents per share as at 31 December 2017 as compared to 22.7 cents per share as at 31 December 2016 (based on 308,430,594 issued shares as at 31 December 2017 and 31 December 2016).



(iii) **Review of Cash Flows for fourth quarter ended 31 December 2017**

Net cash generated from operating activities

Our Group's net cash generated from operating activities for the fourth quarter ended 31 December 2017 ("4Q2017") was \$10.0 million as compared to \$8.4 million for the fourth quarter ended 31 December 2016 ("4Q2016"). The \$1.6 million increase in net cash generated from operating activities was due to:

(a) an increase in net working capital inflow of \$6.1 million,

which was partially offset by:

(b) a decrease in cash generated from operating activities before working capital changes of \$4.3 million; and

(c) an increase in income tax paid of \$0.2 million during 4Q2017.

Net cash generated from/(used in) investing activities

Net cash of \$0.8 million was generated from investing activities for 4Q2017, compared with net cash of \$0.9 million used in investing activities for 4Q2016. The major inflows for 4Q2017 related to dividends of \$2.0 million received from a joint venture, Forte Builder Pte Ltd. The inflow was partially offset by the purchase of new property, plant and equipment of \$1.2 million.

Net cash used in financing activities

The net cash used in financing activities was \$0.3 million for 4Q2017, compared with \$0.4 million for 4Q2016. 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
\$'000	\$'000	\$'000	\$'000	\$'000

The Group

As at 1 Jan 2017	36,832	1	1,372	76,218	114,423
Total comprehensive income for the period	-	(7)	-	5,053	5,046
As at 31 Mar 2017	36,832	(6)	1,372	81,271	119,469
Total comprehensive income for the period	-	12	-	4,952	4,964
Dividend relating to FY2016	-	-	-	(4,626)	(4,626)
As at 30 Jun 2017	36,832	6	1,372	81,597	119,807
Total comprehensive income for the period	-	(6)	-	742	736
As at 30 Sep 2017	36,832	-	1,372	82,339	120,543
Total comprehensive income for the period	-	-	-	1,970	1,970
As at 31 Dec 2017	36,832	-	1,372	84,309	122,513



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

The Group

As at 1 Jan 2016	36,832	(24)	1,372	66,506	104,686
Total comprehensive income for the period	-	(2)	-	1,853	1,851
As at 31 Mar 2016	36,832	(26)	1,372	68,359	106,537
Total comprehensive income for the period	-	25	-	2,489	2,514
Dividend relating to FY2015	-	-	-	(3,084)	(3,084)
As at 30 Jun 2016	36,832	(1)	1,372	67,764	105,967
Total comprehensive income for the period	-	1	-	1,976	1,977
Interim dividend relating to FY2016	-	-	-	(1,542)	(1,542)
As at 30 Sep 2016	36,832	-	1,372	68,198	106,402
Total comprehensive income for the period	-	1	-	8,020	8,021
As at 31 Dec 2016	36,832	1	1,372	76,218	114,423



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

The Company

As at 1 Jan 2017	36,832	9,546	43,378
Total comprehensive income for the period	-	134	134
As at 31 Mar 2017	36,832	9,680	46,512
Total comprehensive income for the period	-	167	167
Dividend relating to FY2016	-	(4,626)	(4,626)
As at 30 Jun 2017	36,832	5,221	42,053
Total comprehensive income for the period	-	174	174
As at 30 Sep 2017	36,832	5,395	42,227
Total comprehensive income for the period	-	6,387	6,387
As at 31 Dec 2017	36,832	11,782	48,614



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

The Company

As at 1 Jan 2016	36,832	6,997	43,829
Total comprehensive income for the period	-	522	522
As at 31 Mar 2016	36,832	7,519	44,351
Total comprehensive income for the period	-	1,643	1,643
Dividend relating to FY2015	-	(3,084)	(3,084)
As at 30 Jun 2016	36,832	6,078	42,910
Total comprehensive income for the period	-	132	132
Interim dividend relating to FY2016	-	(1,542)	(1,542)
As at 30 Sep 2016	36,832	4,668	41,500
Total comprehensive income for the period	-	4,878	4,878
As at 31 Dec 2016	36,832	9,546	46,378



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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017.

Under the Share Buy Back Mandate which was approved by the Shareholders on 24 April 2017, no shares were bought back by the Company during the fourth quarter ended 31 December 2017.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 31 December 2017 and 31 December 2016.

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 2017	31 December 2016
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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2016.

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 2018 or later periods and which the Group has not early adopted.

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

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers
- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
 - Amendment to FRS 28 Investments in Associates and Joint Ventures
 - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

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

- FRS 116 Leases
- INT FRS 123: Uncertainty over Income Tax Treatments Illustrative Examples
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures

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 period.

* 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)
	2017	2016		2017	2016	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	1,970	8,020	(75.4)	12,717	14,338	(11.3)
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)	0.64	2.60	(75.4)	4.12	4.65	(11.4)
Diluted earnings per share (cents)	0.64	2.60	(75.4)	4.12	4.65	(11.4)

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 2017	As at 31 Dec 2016	As at 31 Dec 2017	As at 31 Dec 2016	The Group	The Company
Net tangible assets (\$'000)	120,776	112,710	48,608	46,368	7.2	4.8
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	39.16	36.54	15.76	15.03	7.2	4.9



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 2017 vs previous financial year ended 31 December 2016)

	The Group					
	Current financial year ended 31 December 2017		Previous financial year ended 31 December 2016		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	78,448	66.9	90,492	81.5	(12,044)	(13.3)
Maintenance	38,846	33.1	20,607	18.5	18,239	88.5
Total Revenue	117,294	100.0	111,099	100.0	6,195	5.6

Revenue

Our Group reported a 5.6% or \$6.2 million increase in revenue to \$117.3 million for FY2017 as compared to \$111.1 million for FY2016. The increase was due mainly to a 88.5% increase in revenue from the maintenance segment to \$38.8 million, partially offset by a 13.3% decrease in revenue from the construction segment to \$78.4 million.

The increase in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they progressed to a more active phase in FY2017.

The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, coupled with reduced revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway in FY2017.



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 66.9% (2016: 81.5%) and 33.1% (2016: 18.5%) respectively of our Group's revenue for FY2017.

Cost of works

Our cost of works increased by 7.2% or \$6.4 million from \$89.2 million for FY2016 to \$95.6 million for FY2017. 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 are usually sub-contracted to external parties;
- (b) an increase in labour costs due to salary adjustments;
- (c) a penalty of \$0.3 million paid for a worksite incident in September 2015;
- (d) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during FY2017;
- (e) an additional cost of \$3.2 million arising from a construction project at the Pan-Island Expressway exit to Tampines Expressway; and
- (f) an increase in preliminary costs and overheads such as professional and legal fees, depreciation of property, plant and machinery, hiring costs and transportation costs during FY2017. The professional fees related to the engagement of consultants to design the construction methods for our on-going projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects during FY2017.

Gross profit and gross profit margin

Our gross profit for FY2017 decreased marginally by 1.0% or \$0.2 million from \$21.9 million for FY2016 to \$21.7 million for FY2017.

Our gross profit margin decreased marginally from 19.7% for FY2016 to 18.5% for FY2017.

The lower gross profit margin for FY2017 was largely attributable to lower profit margins for new and some current maintenance projects as a result of a more competitive pricing environment and rising manpower costs.

Other income

Other income decreased by \$1.6 million or 64.3% from \$2.5 million for FY2016 to \$0.9 million for FY2017. The decrease was largely attributable to:

- (a) a technical management consultancy fee of \$1.2 million received in relation to a piling project in Jakarta, Indonesia during FY2016, which did not recur in FY2017;
- (b) a decrease in government grants of \$0.2 million received 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); and



- (c) a loss of \$0.3 million in foreign exchange resulting from the weakening of the US Dollar against the Singapore Dollar during FY 2017,

which were partially offset by:

- (d) an increase in interest income received of \$0.1 million due to higher interest earned from higher bank deposits during FY2017.

Administrative expenses

Administrative expenses decreased by \$0.8 million or 7.5% from \$10.8 million for FY2016 to \$10.0 million for FY2017. The decrease was largely attributable to:

- (a) lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for FY2017; and
- (b) a provision for impairment of non-trade receivable of \$0.8 million during FY2016, which did not recur in FY2017. The provision for impairment of non-trade receivable related to a loan extended to an associated company, CS Amber Development Pte Ltd,

which were partially offset by:

- (c) an increase in staff costs due to salary adjustments during FY2017.

Finance expenses

Finance expenses remained relatively constant at \$77,000 and \$72,000 in FY2017 and FY2016 respectively.

Share of results of associated companies and joint ventures

	The Group	
	Financial Year ended 31 Dec 2017	Financial Year ended 31 Dec 2016
	\$'000	\$'000
Share of profit of joint ventures ^(a)	1,991	2,707
Share of profit of associated companies ^(b)	530	322
	<hr/> 2,521	<hr/> 3,029



(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by \$0.7 million due mainly to:

- (i) the \$0.8 million decrease in the share of profits from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from the few remaining units of the development which were ready for handover during FY2017,

which was partially offset by:

- (ii) the \$0.1 million increase in the share of profit from a construction project undertaken by Chye Joo – Or Kim Peow JV during FY2017.

(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 FY2017.

Profit before income tax

Profit before income tax decreased by \$1.5 million or 9.2% from \$16.5 million for FY2016 to \$15.0 million for FY2017. The decrease was due mainly to (1) the decrease in gross profit of \$0.2 million, (2) the decrease in other income of \$1.6 million and (3) the decrease in the share of profit of associated companies and joint ventures of \$0.5 million. The decrease was partially offset by the decrease in administrative expenses of \$0.8 million, as explained above.

Income tax expense

Income tax expense increased by \$0.1 million or 4.7% from \$2.2 million in FY2016 to \$2.3 million in FY2017 despite lower profit before income tax, as explained above.

The effective tax rates for FY2017 and FY2016 were 15.1% and 13.1% respectively.

The effective tax rate for FY2017 was lower than the statutory tax rate of 17.0% due mainly to (1) the profit before income tax of \$15.0 million comprising share of profit of associated companies and joint ventures of \$2.6 million, which was already taxed at the associated company and joint venture levels, (2) statutory stepped income tax exemption and (3) a tax rebate of 20% on the corporate tax payable.

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.

Net profit

Our net profit decreased by \$1.6 million or 11.3%, from \$14.3 million for FY2016 to \$12.7 million for FY2017 due to the decrease in profit before income tax of \$1.5 million coupled with the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin decreased from 12.9% for FY2016 to 10.8% for FY2017.



Income Statement Review (Fourth Quarter ended 31 Dec 2017 vs Fourth Quarter ended 31 Dec 2016)

	The Group					
	Current fourth quarter ended 31 Dec 2017		Previous fourth quarter ended 31 Dec 2016		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	17,799	68.1	26,174	76.0	(8,375)	(32.0)
Maintenance	8,334	31.9	8,275	24.0	59	0.7
Total Revenue	26,133	100.0	34,449	100.0	(8,316)	(24.1)

Revenue

Our Group's revenue was \$26.1 million in 4Q2017 compared to \$34.4 million in 4Q2016.

The construction segment contributed \$17.8 million to our Group's revenue in 4Q2017, compared to \$26.2 million in 4Q2016. The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, coupled with no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway during 4Q2017.

Revenue from the maintenance segment remained relatively constant at \$8.3 million in 4Q2017 and 4Q2016.

Cost of works

Our cost of works decreased by 11.1% or \$2.6 million from \$23.7 million in 4Q2016 to \$21.1 million in 4Q2017. The decrease in cost of works was due mainly to:

- (a) the 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 sub-contracted to external parties;
- (b) the decrease in the cost of construction materials due to lesser utilisation of materials; and
- (c) the decrease in labour costs during 4Q2017.



Gross profit and gross profit margin

Our gross profit for 4Q2017 decreased by \$5.7 million or 53.8% from \$10.8 million for 4Q2016 to \$5.1 million for 4Q2017.

Our gross profit margin decreased from 31.3% in 4Q2016 to 19.5% in 4Q2017.

The lower gross profit margin was largely attributable to lower profit margins for new and some current projects as a result of a more competitive pricing environment and rising manpower costs during 4Q2017.

Other income

Other income decreased by \$0.1 million or 46.3% from \$0.3 million for 4Q2016 to \$0.2 million for 4Q2017. The decrease was due mainly to loss in foreign exchange resulting from the weakening of the US dollar against the Singapore dollar in 4Q2017.

Administrative expenses

Administrative expenses decreased by \$1.6 million or 38.6% from \$4.2 million for 4Q2016 to \$2.6 million for 4Q2017. The decrease was largely attributable to:

- (a) lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group; and
- (b) a provision for impairment of non-trade receivable of \$0.8 million during 4Q2016, which did not recur in 4Q2017. The provision for impairment of non-trade receivable related to a loan extended to an associated company, CS Amber Development Pte Ltd, during 4Q2016.

Finance expenses

Finance expenses stood at \$19,000 and \$21,000 for 4Q2017 and 4Q2016 respectively.

Share of results of associated companies and joint ventures

The decrease in share of profits of associated companies and joint ventures of \$2.6 million was due mainly to a reduced share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, during 4Q2017.

Profit before income tax

Profit before income tax decreased by \$6.8 million or 72.9% from \$9.3 million in 4Q2016 to \$2.5 million in 4Q2017. The decrease was due mainly to (a) the decrease in gross profit of \$5.7 million, (b) the decrease in share of profits of associated companies and joint ventures of \$2.6 million and (c) the decrease in other income of \$0.1 million. The decrease was partially offset by a decrease in administrative expenses of \$1.6 million, as explained above.



Income tax expense

Income tax expense decreased by \$0.8 million or 58.0% from \$1.4 million in 4Q2016 to \$0.6 million in 4Q2017.

The effective tax rate for 4Q2017 was higher than the statutory tax rate of 17% due mainly to certain non-deductible items added back for tax purposes.

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.

Net profit

For 4Q2017, net profit decreased by \$6.0 million or 75.4% to \$2.0 million as compared to \$8.0 million for 4Q2016 due to the decrease in profit before income tax of \$6.8 million which was partially offset by the decrease in income tax expense of \$0.8 million, as explained above.

Our net profit margin decreased from 23.3% for 4Q2016 to 7.5% for 4Q2017.

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 2017 from what was previously discussed under paragraph 10 of the announcement of the Company's financial statements for the third quarter ended 30 September 2017.

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 3.1% on a year-on-year ("y-o-y") basis in the fourth quarter of 2017, which is lower than the 5.4% growth in the previous quarter. For 2017, the economy grew by 3.5%, which is in line with earlier forecasts of 3.0% to 3.5%.

Industry Outlook

The construction sector contracted by 8.5% in the fourth quarter on a y-o-y basis, following the 7.7% decline in the third quarter. The sector was weighed down primarily by continued weakness in private sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector contracted by 3.6%, easing from the 5.5% contraction in the preceding quarter.

The total value of construction projects awarded in 2017 came to \$24.5 billion, which is lower than the estimates of \$28.0 billion to \$35.0 billion projected by the Building and Construction Authority's ("BCA") in January last year. According to BCA, the lower than expected construction demand in 2017 was due to the rescheduling of a few major infrastructure projects such as the North-South Corridor to 2018.

BCA projected the total value of construction contracts to be awarded this year to reach between \$26.0 billion and \$31.0 billion, with 60% of the projects coming from the public sector, amounting to between \$16.0 billion and \$19.0 billion. These public projects will include additional major contracts for infrastructure projects like the North-South Corridor, Deep Tunnel Sewerage System Phase 2 as well as rolling out of the remaining package for Runway 3 by Changi Airport Group.



BCA anticipates a steady improvement in construction demand over the medium term, with the public sector continuing to lead the demand. Construction demand is projected to be between \$26.0 billion and \$33.0 billion per year for the period of 2019 to 2020, and between \$28.0 billion and \$35.0 billion annually for the period of 2021 to 2022.

Under the private residential property segment, Urban Redevelopment Authority's ("URA") 4Q 2017 flash estimates reflected an increase of 0.8% in private residential property prices, which is similar to the 0.7% increment in 3Q 2017. For the whole of 2017, prices rose by 1.1% compared to the 3.1% decline in the previous year.

In view of a stronger economic outlook and improved sentiments in the private property market, BCA projected that construction demand from the private sector will improve from \$9.0 billion in 2017 to between \$10.0 billion and \$12.0 billion this year.

Company Outlook And Order Book Update

The operating environment is expected to remain challenging as the positive outlook has yet to translate to contracts and awards. However, the Group stays cautiously optimistic as it continues to be supported by a pipeline of projects.

As at the date of this announcement, the Group's net order book came to \$268.0 million (31 December 2016: S\$329.9 million), with projects extending till 2021.

On the property development and investment front, the Group has a 10% minority investment in CS Amber Development Pte Ltd, the developer of our first residential property project – Amber Skye – and a subsidiary of CS Land Pte. Ltd.. Amber Skye obtained the Temporary Occupation Permit on 27 April 2017. In view of the gradual recovery in the property sector, the Group will step up its efforts to market the remaining units of the 109-unit freehold development after having sold about 75% of the units.

To further diversify its earnings and build a recurrent income, the Group announced on 7 February 2018 that it jointly acquired its first overseas property, a freehold office complex, 6-8 Bennett Street, in Perth, Australia for AUD\$43.5 million. This acquisition is expected to contribute to the Group's earnings for the financial year ending 31 December 2018.

On 7 February 2018, the Group also announced that its wholly-owned subsidiary, OKP Land Pte. Ltd. (OKP Land), together with Lian Soon Holdings Pte. Ltd. (Lian Soon), had won the bid to acquire the land parcel at Chong Kuo Road for S\$43.9 million. With an area of 4,288.9 square metres and a leasehold tenure of 99 years, the land parcel is intended for development into a residential condominium of about 85 units, subject to approvals from the relevant authorities. OKP Land intends to enter into a joint venture with Lian Soon and other parties to develop the land.

Moving forward, the Group will continue to strengthen its core civil engineering business and deliver existing projects. It will also seek suitable opportunities to broaden its foothold in property, both locally and abroad, through strategic tie-ups with experienced partners.

On 11 January 2018, it was reported in The Straits Times, under the headline "Probe into last July's viaduct collapse not completed yet", that investigations concerning the worksite incident at the Pan Island Expressway exit to Tampines Expressway are still on-going. The Group will continue to work closely with the authorities on the investigations.



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	\$0.013
	One-tier tax exempt	One-tier tax exempt

(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	\$0.008
	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.

(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 26 April 2018 (Thursday), will be made on 17 May 2018.

(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 7 May 2018 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 7 May 2018 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 7 May 2018 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

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the fourth quarter ended 31 December 2017.

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 2017			Previous financial year ended 31 December 2016		
	Construction	Maintenance	Total	Construction	Maintenance	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group						
Revenue						
Total segment revenue	78,455	52,298	130,753	90,513	24,389	114,902
Inter-segment revenue	(7)	(13,452)	(13,459)	(21)	(3,782)	(3,803)
Revenue to external parties	78,448	38,846	117,294	90,492	20,607	111,099
Gross profit	12,488	9,206	21,694	12,552	9,367	21,919
Other income			882			2,472
Unallocated costs			(10,033)			(10,841)
Share of profit of joint venture companies			1,991			2,707
Share of profit of associated companies			530			322
			15,064			16,579
Finance expenses			(77)			(72)
Profit before income tax			14,987			16,507
Income tax expense			(2,270)			(2,169)
Net profit			12,717			14,338
Depreciation	1,901	431	2,332	2,340	480	2,820
Amortisation	10	2	12	75	2	77
Segment assets	15,158	6,800	21,958	26,567	4,964	31,531
Segment liabilities	26,462	7,156	33,618	32,040	6,555	38,595



Revenue between segments is 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

Currently, the business segments operate only 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 2017		Previous financial year ended 31 December 2016		Increase / (Decrease)
	\$'000	Gross profit margin	\$'000	Gross profit margin	\$'000
Construction	12,488	15.9%	12,552	13.9%	(64)
Maintenance	9,206	23.7%	9,367	45.5%	(161)
Total gross profit	21,694	18.5%	21,919	19.7%	(225)

The improvement in the gross profit margin of the construction segment was due mainly to 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 decreased from 45.5% in FY2016 to 23.7% in FY2017. The decrease in gross profit margin of the maintenance segment was largely attributable to more competitive pricing environment and rising manpower costs.



16. A breakdown of sales

	The Group			
	Current financial year ended 31 Dec 2017	Previous financial year ended 31 Dec 2016	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
(a) Sales reported for first half year	64,108	48,588	15,520	31.9
(b) Operating profit after taxation before deducting non-controlling interests reported for the first half year	10,005	4,342	5,663	130.4
(c) Sales reported for second half year	53,186	62,511	(9,325)	(14.9)
(d) Operating profit after taxation before deducting non-controlling interests reported for the second half year	2,712	9,996	(7,284)	(72.9)



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

	FY2017 (\$'000)	FY2016 (\$'000)
Ordinary	6,169	6,169
Preference	-	-
Total	6,169	6,169

FY2017

Based on the proposed final and special dividends of \$0.02 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.

FY2016

Based on the interim dividend of \$0.005 per share for 308,430,594 shares and the final and special dividends of \$0.015 per share for 308,430,594 shares.

18. Use of proceeds as at 31 December 2017

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	83	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	50	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	62	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	53	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	62	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	40	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	60	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	78	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
12 February 2018