OKP HOLDINGS LIMITED
胡金標控股有限公司

Third Quarter and Nine Months Financial Statements for the Period Ended 30 September 2018

5 November 2018

Table of Contents

		Page No
1(a)	Income statement	2
1(a)(i)	Consolidated statement of comprehensive income	3
1(b)(i)	Statements of financial position	7
1(b)(ii)	Borrowings and debts securities	23
1(c)	Consolidated statement of cash flows	24
1(d)(i)	Consolidated statement of changes in equity	28
1(d)(ii)	Changes in share capital	32
1(d)(iii)	Total number of issued shares	32
1(d)(iv)	Statement of sales, transfers, disposals, cancellations and/or use of treasury shares	32
2 & 3	Audit statement	32
4	Accounting policies	33
5	Changes in accounting policies	33
6	Earnings per share	34
7	Net asset value per share	34
8	Review of Group's performance	35
9	Variance from previous prospect statement	43
10	Outlook	43
11 & 12	Dividend	45
13	Interested persons transactions	45
14	Use of proceeds as at 30 September 2018	46
15	Confirmation by the Board on financial results	46
16	Confirmation that the issuer has procured undertakings from all its directors and executive officers	46

Third Quarter and Nine Months Financial Statements for the Period Ended 30 September 2018

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		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2018	2017		2018	2017	
	$'000	$'000	%	$'000	$'000	%
Revenue	21,690	27,114	(20.0)	72,083	91,316	(21.1)
Cost of sales	(18,272)	(24,450)	(25.3)	(61,219)	(74,606)	(17.9)
Gross profit	**3,418**	**2,664**	28.3	**10,864**	**16,710**	(35.0)
Other income	332	269	23.4	1,262	757	66.7
Other losses	(180)	(59)	205.1	(411)	(181)	127.6
Expenses						
- Administrative	(2,058)	(2,027)	1.5	(6,401)	(7,400)	(13.5)
- Finance	(296)	(20)	1,380.0	(606)	(58)	944.8
Share of results of associated companies and joint ventures	33	299	(89.0)	195	2,619	(92.6)
Profit before income tax	**1,249**	**1,126**	10.9	**4,903**	**12,447**	(60.6)
Income tax expense	(206)	(384)	(46.4)	(730)	(1,700)	(57.1)
Net profit	**1,043**	**742**	40.6	**4,173**	**10,747**	(61.2)
Gross profit margin	15.8%	9.8%		15.1%	18.3%	
Net profit margin	4.8%	2.7%		5.8%	11.8%	
Effective tax rate	16.5%	34.1%		14.9%	13.7%	
Net profit attributable to:						
Equity holders of the Company	811	742	9.3	3,761	10,747	(65.0)
Non-controlling interests	232	-	n.m.	412	-	n.m.
	1,043	742	40.6	4,173	10,747	(61.2)

n.m. : not meaningful

(i) Consolidated Statement of comprehensive income for the third quarter and nine months ended 30 September 2018

Note	The Group			The Group		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2018	2017		2018	2017	
	$'000	$'000	%	$'000	$'000	%
Net profit	1,043	742	40.6	4,173	10,747	(61.2)
Other comprehensive income:						
Currency translation differences relating to financial statements of foreign a subsidiary corporation i	(11)	-	n.m.	(12)	-	n.m.
Financial assets, available-for-sale						
- Fair value gains, net of tax ii	-	-	n.m.	-	5	n.m.
- Reclassification	-	(6)	n.m.	-	(6)	n.m.
	(11)	(6)	83.3	(12)	(1)	1,100.0
Total comprehensive income	**1,032**	**736**	40.2	**4,161**	**10,746**	(61.3)
Total comprehensive income attributable to:						
Equity holders of the Company	806	736	9.5	3,755	10,746	(65.1)
Non-controlling interests	226	-	n.m.	406	-	n.m.
	1,032	736	40.2	4,161	10,746	(61.3)

Note:

(i) Currency translation difference was attributed to (a) assets and liabilities of foreign operations that are translated to Singapore dollars at the exchange rate at the reporting date and (b) income and expenses of foreign operations that are translated to Singapore dollars at the exchange rate at the date of transactions.

(ii) 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		
	Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
	2018	2017		2018	2017	
	$'000	$'000	%	$'000	$'000	%
After charging:-						
Non-audit fee paid to the auditors of the Company	6	7	(14.3)	21	20	5.0
Amortisation of intangible assets	1	1	-	3	3	-
Depreciation of property, plant and equipment	113	120	(5.8)	339	344	(1.5)
Non-trade receivables written off	-	-	-	-	27	n.m.
Directors' remuneration						
- Directors of the Company	673	752	(10.5)	2,146	3,207	(33.1)
- Other Directors	110	110	-	337	326	3.4
Directors' fee	45	45	-	135	135	-
Interest paid and payable						
- Bank borrowing	271	-	n.m.	531	-	n.m.
- Finance lease liabilities	18	20	(10.0)	54	58	(6.9)
- Lease liabilities i	7	-	n.m.	21	-	n.m.
Available-for-sale financial assets						
- Loss on disposal	-	3	n.m.	-	3	n.m.
- Reclassification from other comprehensive income upon disposal	-	6	n.m.	-	6	n.m.
Loss on foreign exchange ii exchange	180	59	69.5	411	181	127.1
Loss of disposal of right-of-use assets	1	-	n.m.	1	-	n.m.
Employees compensation cost	768	681	12.8	2,381	2,135	11.5

Note:

(i) The Group has chosen to adopt SFRS(I)16 which is effective for annual periods beginning on or after 1 January 2019. Under the new SFRS(I)16, the Group has recognised right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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

n.m. – not meaningful.

	Note	The Group			The Group		
		Third Quarter ended 30 Sep		Increase/ (Decrease)	Nine Months ended 30 Sep		Increase/ (Decrease)
		2018	2017		2018	2017	
		$'000	$'000	%	$'000	$'000	%
Included in the cost of sales are the following:-							
Depreciation of property, plant and equipment		632	598	5.7	1,860	1,710	8.8
Depreciation of right-of-use assets	i	112	-	n.m.	346	-	n.m.
Amortisation of intangible assets		3	1	200.0	8	3	166.7
Employees compensation cost		5,936	6,601	(10.1)	18,152	20,002	(9.2)
After crediting:-							
Interest income							
- Bank deposits		245	207	18.4	666	549	21.3
- Financial asset, available for-sale		-	10	n.m.	-	36	n.m.
Net gain on disposal of property, plant and equipment		33	26	26.9	72	7	928.6
Government grant		31	43	27.9	422	142	197.2

Note:

(i) The Group has chosen to adopt SFRS(I)16 which is effective for annual periods beginning on or after 1 January 2019. Under the new SFRS(I)16, the Group has recognised right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value

n.m. - not meaningful.

(iii) Extraordinary/Exceptional items

Nil

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

	The Group	
	30 Sep 2018	30 Sep 2017
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit from current financial period:		
- Current income tax		
- Singapore	467	1,642
- Foreign	104	-
	571	1,642
- Deferred income tax		
- Singapore	66	58
- Foreign	35	-
	101	58
- Withholding tax		
- Foreign	46	-
- Over-provision of deferred income tax in prior financial periods:		
- Current income tax - Singapore	12	-
	730	1,700

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		
		30 Sep 2018	31 Dec 2017*	1 Jan 2017*	30 Sep 2018	31 Dec 2017*	1 Jan 2017*
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents		78,125	86,107	74,685	3,573	3,547	3,771
Trade and other receivables	i	7,593	9,487	13,610	4,081	11,914	10,107
Contract assets	ii	11,363	16,469	18,094	-	-	-
		97,081	112,063	106,389	7,654	15,461	13,878
Non-current assets							
Investments in subsidiary corporations	iii	-	-	-	19,219	19,219	17,522
Investments in joint ventures	iv	5,286	5,495	5,604	-	-	-
Investments in associated companies	v	3,672	3,175	973	-	-	-
Investment properties	vi	52,563	7,200	5,080	-	-	-
Other receivables	vii	11,532	16,600	24,026	13,831	16,847	18,194
Financial assets, available-for-sale		-	-	1,015	-	-	-
Property, plant and equipment		19,431	20,055	19,417	5,182	5,263	5,211
Right-of-use assets	viii	680	-	-	-	-	-
Intangible assets	ix	1,726	1,737	1,713	4	6	10
		94,890	54,262	57,828	38,236	41,335	40,937
Total assets		191,971	166,325	164,217	45,890	56,796	54,815
LIABILITIES							
Current liabilities							
Trade and other payables	x	31,143	37,820	41,900	2,914	8,146	8,413
Contract liabilities	xi	-	263	1,840	-	-	-
Finance lease liabilities		995	1,067	1,120	-	-	-
Lease liabilities	viii	328	-	-	-	-	-
Bank borrowing	xii	790	-	-	-	-	-
Current income tax liabilities		726	2,159	1,953	21	33	19
		33,982	41,309	46,813	2,935	8,179	8,432
Non-current liabilities							
Other payables	x	10,091	-	-	-	-	-
Finance lease liabilities		1,039	1,414	2,028	-	-	-
Lease liabilities	viii	379	-	-	-	-	-
Bank borrowing	xii	24,786	-	-	-	-	-
Deferred income tax liabilities		1,191	1,091	953	2	3	5
		37,486	2,505	2,981	2	3	5
Total liabilities		71,468	43,814	49,794	2,937	8,182	8,437
NET ASSETS		**120,503**	**122,511**	**114,423**	**42,953**	**48,614**	**46,378**
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital		36,832	36,832	36,832	36,832	36,832	36,832
Other reserves	xiii	1,366	1,372	1,373	-	-	-
Retained profits		81,899	84,307	76,218	6,121	11,782	9,546
		120,097	122,511	114,423	42,953	48,614	46,378
Non-controlling interests		406	-	-	-	-	-
Total equity		**120,503**	**122,511**	**114,423**	**42,953**	**48,614**	**46,378**
Net tangible assets		**118,777**	**120,774**	**112,710**	**42,949**	**48,608**	**46,368**

(*): The Group has applied the new Singapore Financial Reporting Standards (International) ("SFR(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to include an opening SFRS(I) statement of financial position at the date of transition to SFRS(I).

Notes to Statements of Financial Position:

(i) Trade and other receivables

	The Group			The Company		
	30 Sep 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	30 Sep 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Trade receivables						
- Non-related parties	3,798	1,809	9,135	-	-	-
- Subsidiary corporations	-	-	-	3,987	11,845	10,036
- Retentions	71	1,796	2,135	-	-	-
	3,869	3,605	11,270	3,987	11,845	10,036
Non-trade receivables						
- Subsidiary corporations	-	-	-	722	725	729
- Associated company	1,662	-	-	-	-	-
- Joint venture	5	1	6	-	-	-
- Non-related parties	42	102	105	-	-	4
	1,709	103	111	722	725	733
Less: Allowance for impairment of receivables	-	-	-	(688)	(688)	(688)
Non-trade receivables - net	1,709	103	111	34	37	45
Loan to joint venture	-	3,852	-	-	-	-
Advance to suppliers	161	72	386	-	-	-
Deposits	828	1,162	956	7	7	7
Prepayments	1,026	693	887	53	25	19
	7,593	9,487	13,610	4,081	11,914	10,107

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

The loan to joint venture was unsecured, interest-free and repaid during the current financial period.

(ii) Contract assets

	The Group		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
<u>Unbilled revenue</u>			
Construction contracts			
- Due from customers	10,742	14,999	16,592
Construction contract work-in-progress	621	1,470	1,502
	11,363	16,469	18,094

The Group has adopted a new accounting framework SFRS(I)15 Revenue from Contracts with Customers from 1 January 2018 and the impact of adopting the equivalent SFRS(I)15 is disclosed as above. SFRS(I)15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

(iii) Investments in subsidiary corporations

	The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
<u>Equity investments at cost</u>			
Beginning of financial period/year	17,632	17,632	17,632
Additions	-*	-	-
End of financial period/year	17,632	17,632	17,632
<u>Allowance for impairment</u>			
Beginning and end of financial period/year	(110)	(110)	(110)
<u>Loan to a subsidiary corporation</u>			
Beginning of financial period/year	1,697	-	-
Notional fair value of loan	-	1,697	-
End of financial period/year	1,697	1,697	-
	19,219	19,219	17,522

Note:
(*) Amount is less than $1,000.

Name of subsidiary corporations	Principal activities	Country of incorporation	Equity holding		
			30 Sep 2018	31 Dec 2017	1 Jan 2017
Held by the Company					
Or Kim Peow Contractors (Pte) Ltd(@)	Business of road and building construction and maintenance	Singapore	100%	100%	100%
Eng Lam Contractors Co. (Pte) Ltd(@)	Business of road construction and maintenance	Singapore	100%	100%	100%
OKP Technical Management Pte Ltd(@)(*)	Provision of technical management and consultancy services	Singapore	100%	100%	100%
OKP Investments (Singapore) Pte Ltd (@)	Investment holding	Singapore	100%	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%	100%
United Pavement Specialists Pte Ltd(@)(*)	Provision of rental services and investment holding	Singapore	100%	100%	100%
OKP Land Pte Ltd(@)	Investment holding and property development	Singapore	100%	100%	100%
OKP Transport & Pte Ltd(@)(*)	Provision of transport and logistics services	Singapore	100%	100%	100%
Held by OKP Land Pte Ltd					
Raffles Prestige Capital Pte Ltd(@)	Investment holding	Singapore	51%	-	-
Held by Raffles Prestige Capital Pte Ltd					
Bennett WA Investment Pty Ltd(#)	Property investment	Australia	100%	-	-

(@) Audited by Nexia TS Public Accounting Corporation.

(#) Audited by Nexia Perth Services Pty Ltd.

(*) 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. The said licence was valid until 8 July 2018 and there is no intention to renew the licence.

(iii) Investments in joint ventures

	The Group		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Interests in joint ventures			
Beginning of financial period/year	5,495	5,604	2,988
Share of profit of joint ventures	91	1,990	2,707
Notional fair value of loan (net)	-	(99)	(91)
Dividend received	(300)	(2,000)	-
End of financial period/year	5,286	5,495	5,604

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Percentage of ownership interest		
			30 Sep 2018	31 Dec 2017	1 Jan 2017
<u>Held by subsidiary corporations</u>					
<u>Incorporated joint ventures</u>					
CS-OKP Construction and Development Pte Ltd(@)(1)	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%	50%
Forte Builder Pte Ltd(#)(2)	Business of general construction	Singapore	50%	50%	50%
Lakehomes Pte. Ltd.(^)(3)	Property development	Singapore	10%	10%	10%
<u>Unincorporated joint venture</u>					
Chye Joo – Or Kim Peow JV(*)(4)	Business of general construction	Singapore	50%	50%	50%

(@) Audited by Heng Lee Seng LLP.
(#) Audited by Nexia TS Public Accounting Corporation.
(^) Audited by Ernst & Young LLP.
(*) Registered on 4 May 2015.

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 September 2018. 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 (2017: $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 into an executive condominium at Yuan Ching Road/Tao Ching Road. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.

(4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

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 private limited companies and partnership such that the Group and the parties to the agreements have the rights to the net assets of the private 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	
	30 Sep 2018	31 Dec 2017
	$'000	$'000
Assets		
- Current assets	62,812	110,877
Liabilities		
- Current liabilities	(11,582)	(59,198)
Net assets	51,230	51,679
Revenue	25,559	303,573
Expenses	(24,970)	(281,210)
Profit before income tax	589	22,363
Income tax expense	(83)	(3,881)
Net profit	506	18,482

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.

(v) Investments in associated companies

	The Group		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Interests in associated companies			
Beginning of financial period/year	3,175	973	651
Additions	450	-	-
Notional fair value of loan (net)	(57)	1,672	-
Share of profit of associated companies	104	530	322
End of financial period/year	3,672	3,175	973

Name of associated companies	Principal activities	Country of incorporation	Equity holding		
			30 Sep 2018	31 Dec 2017	1 Jan 2017
<u>Held by subsidiary corporations</u>					
CS Amber Development Pte Ltd (@)(1)	Property development	Singapore	10%	10%	10%
United Singapore Builders Pte Ltd (#)(2)	General contractors	Singapore	-	25%	25%
Chong Kuo Development Pte Ltd (&)(3)	Property development	Singapore	22.5%	-	-
USB Holdings Pte Ltd Pte Ltd (#)(4)	Investment holding and property development	Singapore	25%	-	-
<u>Held by USB Holdings Pte Ltd</u>					
United Singapore Builders Pte Ltd (#)(2)	General contractors	Singapore	100%	-	-
USB (Phoenix) Pte Ltd (#)(5)	Property development	Singapore	100%	-	-

(@) Audited by Heng Lee Seng LLP.
(#) Audited by Nexia TS Public Accounting Corporation.
(&) Audited by Ernst & Young LLP

(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 shares of CSAmber as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).

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

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

USB became a wholly-owned subsidiary corporation of USB Holdings Pte Ltd after a restructuring exercise took place on 2 July 2018.

(3) On 20 February 2018, an associated company, Chong Kuo Development Pte. Ltd. ("ChongKuo") was incorporated in Singapore with a share capital of $2,000,000 consisting of 2,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 22.5% equity interest at a cost of $450,000 in ChongKuo. The principal activity of ChongKuo is to develop a residential condominium on the land parcel at Chong Kuo Road.

(4) On 29 March 2018, OKP Investments (Singapore) Pte Ltd ("OKPIS"), a wholly-owned subsidiary corporation, together with Ho Lee Group Pte Ltd, HSB Holdings Pte. Ltd. and B&D Investment and Property Pte. Ltd. incorporated USB Holdings Pte. Ltd.("USBH"). The principal business activities of USBH are investment holding and property development.

(5) On 23 August 2018, USBH incorporated a wholly-owned subsidiary corporation, USB (Phoenix) Pte. Ltd. ("USB Phoenix"). USB Phoenix has been incorporated with an issued and paid-up share capital of $2, comprising 2 ordinary shares held by USBH. The principal business activity of USB Phoenix is to redevelop the property at 71-85 Phoenix Avenue, Phoenix Heights, Singapore.

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	
	30 Sep 2018	31 Dec 2017
	$'000	$'000
Assets		
- Current assets	170,985	288,397
- Non-current assets	49,615	485
Liabilities		
- Current liabilities	(19,246)	(19,703)
- Non-current liabilities	(204,836)	(276,314)
Net liabilities	(3,482)	(7,135)
Revenue	24,577	183,289
Expenses	(23,900)	(177,788)
Profit before income tax	677	5,501
Income tax expense	(59)	(94)
Net profit	618	5,407

The Group has not recognised its share of profit of an associated company, CS Amber Development Pte. Ltd. amounting to $21,631 (31 December 2017: $328,889) as 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 this entity amounted to $179,658 (31 December 2017: $201,289) at the balance sheet date.

(vi) Investment properties

	The Group		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
Beginning of financial period/year	7,200	5,080	5,250
Additions	46,330	2,270	-
Exchange realignment	(967)	-	-
Net fair value loss recognised in profit and loss	-	(150)	(170)
End of financial period/year	52,563	7,200	5,080

The investment properties are leased to non-related parties.

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

(vii) Other receivables (non-current)

	The Group			The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Loan to associated companies						
- CS Amber Development Pte Ltd	11,180	19,680	19,680	-	-	-
- Chong Kuo Development Pte Ltd	3,375	-	-	-	-	-
- Notional fair value of loan (net)	(1,615)	(1,672)	-	-	-	-
Less: Allowance for impairment	(1,408)	(1,408)	(1,408)	-	-	-
	11,532	16,600	18,272	-	-	-
Loan to joint venture						
- Lakehomes Pte. Ltd.	-	-	5,754	-	-	-
Loan to subsidiary corporations	-	-	-	13,831	16,847	18,194
	11,532	16,600	24,026	13,831	16,847	18,194

The loan to an associated company, CS Amber Development Pte Ltd, is unsecured, interest-free and will be repayable in full on 27 June 2020. The Group charged interest at 2.0% per annum above SIBOR from the first drawdown on 27 June 2012. The Group has ceased to charge interest on the loan with effect from 1 March 2015.

The loan to subsidiary corporation and loan to associated companies 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.

(viii) Leases

(a) Amounts recognised in the balance sheet

	The Group	
	30 Sep 2018	31 Dec 2017
	$'000	$'000
<u>Right-of-use assets</u>		
Property	416	-
Office unit	126	-
Use of state land for worksites	138	-
	680	-
<u>Lease liabilities</u>		
Current	328	-
Non-current	379	-
	707	-

(b) Amounts recognised in the statement of profit or loss

	30 Sep 2018	31 Dec 2017
<u>Depreciation of right-of-use assets</u>		
Property	51	-
Office unit	16	-
Use of state land for worksites	279	-
	346	-
<u>Lease liabilities</u>		
Interest expense (included in finance costs)	21	-

The Group has elected to apply SFRS(I)16 Leases for the first time in the 2018 financial statements (initial application date: 1 January 2018), as permitted under the specific transition provisions in the standard. In accordance with the transition provisions in SFRS(I)16 (C5)(b) the new rules will be adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018 (i.e. limited retrospective application). Comparatives for the 2017 financial year have therefore not been restated and as a consequence, a third balance sheet is not required in the year of adoption.

(ix) Intangible assets

	The Group			The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Composition:						
Goodwill arising on consolidation	1,688	1,688	1,688	-	-	-
Computer software licences	38	49	25	4	6	10
	1,726	1,737	1,713	4	6	10

(a) Goodwill arising on consolidation

Cost/net book value						
Beginning and end of financial period/year	1,688	1,688	1,688	-	-	-

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 period/year	428	388	369	55	55	55
Additions	-	40	19	-	-	-
End of financial period/year	428	428	388	55	55	55
Accumulated Amortisation						
Beginning of financial period/year	379	363	286	49	45	34
Amortisation charge	11	16	77	2	4	11
End of financial period/year	390	379	363	51	49	45
Net Book Value	38	49	25	4	6	10

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

(x) Trade and other payables

	The Group			The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
<u>Current</u>						
Trade payables						
- Non-related parties	17,827	22,740	25,849	61	98	141
Non-trade payables						
- Subsidiary corporations	-	-	-	1,946	5,342	5,347
- Joint venture partner	50	50	50	-	-	-
	50	50	50	1,946	5,342	5,347
Accrued operating expenses	12,966	14,823	15,861	907	2,706	2,925
Other payables	300	207	140	-	-	-
	31,143	37,820	41,900	2,914	8,146	8,413
<u>Non-current</u>						
Other payables						
- Advance from a minority shareholder	10,091	-	-	-	-	-

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

An advance from a minority shareholder is unsecured and interest-free and for the purpose of operating and development activities. The advance is not expected to be repaid within the next 12 months

(xi) Contract liabilities

	The Group			The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Advances received	-	263	1,840	-	-	-

The Group has adopted a new accounting framework SFRS(I)15 Revenue from Contracts with Customers from 1 January 2018 and the impact of adopting the equivalent SFRS(I)15 is disclosed as above. SFRS(I)15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

(xii) Bank borrowing

	The Group			The Company		
	30 Sep 2018	31 Dec 2017	1 Jan 2017	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Secured bank term loan	790	-	-	-	-	-
Non-current						
Secured bank term loan	24,786	-	-	-	-	-
	25,576	-	-	-	-	-

The secured bank term loan is mainly secured by:
- First legal mortgage over an investment property of the Group;
- The Group's shares in a subsidiary corporation; and
- Corporate guarantee of the Company.

The Group's secured bank term loan is denominated in Australian dollar. It bears interest at 1.8% above the bank's cost of fund.

(xiii) Other reserves

	The Group		
	30 Sep 2018	31 Dec 2017	1 Jan 2017
	$'000	$'000	$'000
(a) **Composition**:			
Currency translation reserve	(6)	-	-
Fair value reserve	-	-	1
Asset revaluation reserve	1,372	1,372	1,372
	1,366	1,372	1,373
(b) Movements			
Currency translation reserve			
Beginning of financial period/year	-	-	-
Net currency translation differences of financial, statements of foreign subsidiary corporation	(6)	-	-
End of financial period/year	(6	-	-
Fair value reserve			
Beginning of financial period/year	-	1	(24)
Financial assets – available-for-sale			
-Fair value gains	-	5	25
Reclassification to profit and loss	-	(6)	-
End of financial period/year	-	-	1
Asset revaluation reserve			
Beginning and end of financial period/year	1,372	1,372	1,372

Other reserves are non-distributable.

Explanatory Notes:

(i) Current assets

Current assets decreased by $15.0 million, from $112.1 million as at 31 December 2017 to $97.1 million as at 30 September 2018. The decrease was attributable to:

(a) a decrease in cash and cash equivalents of $8.0 million. This was due mainly to the cash used in investing activities of $30.0 million, which was partially offset by cash generated from financing activities of $18.1 million and cash generated from operations of $3.9 million; and

(b) a decrease in trade and other receivables of $1.9 million, due mainly to repayment of loans by a joint venture, Lakehomes Pte Ltd, of $3.9 million, which was partially offset by an increase in trade receivables of $2.0 million which relates to work done and billed at the end of September 2018; and

(c) a decrease in contract assets of $5.1 million, due to (1) a decrease in amount due from customers of $4.3 million as a result of lower accrued receivables on construction contracts following lower revenue recognised, and (2) a decrease in construction contract work-in-progress of $0.8 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up to 30 September 2018 as compared to 31 December 2017.

(ii) Non-current assets

Non-current assets increased by $40.6 million, from $54.3 million as at 31 December 2017 to $94.9 million as at 30 September 2018. The increase was attributable to:

(a) an increase in investment properties of $45.4 million resulting from the $46.3 million purchase of the property at 6-8 Bennett Street, East Perth, Western Australia which was partially offset by an exchange realignment;

(b) an increase in investments in associated companies of $0.5 million due to (1) the cost of investment of $0.5 million in an associated company, Chong Kuo Development Pte Ltd, and (2) the share of profit of associated companies, which were partially offset by a notional fair value adjustment of loans extended to the associated companies; and

(c) the recognition of right-of-use assets of $0.7 million as the Group has applied SFRS(I)16,

which were partially offset by:

(d) a decrease in other receivables of $5.2 million due to the repayment of loans by an associated company, CS Amber Development Pte Ltd, of $8.5 million, which was partially offset by an advance to an associated company, Chong Kuo Development Pte Ltd, of $3.3 million;

(e) a decrease in investments in joint ventures of $0.2 million due mainly to dividends of $0.3 million received from a joint venture, Forte Builder Pte Ltd, which was partially offset by the share of profit of joint ventures; and

(f) a decrease in property, plant and equipment of $0.6 million due to the depreciation and disposal of property, plant and equipment, which were partially offset by the purchase of new plant and equipment during the nine months ended 30 September 2018.

(iii) Current liabilities

Current liabilities decreased by $7.3 million, from $41.3 million as at 31 December 2017 to $34.0 million as at 30 September 2018. The decrease was due mainly to:

(a) a decrease in trade and other payables of $6.7 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables;

(b) a decrease in contract liabilities of $0.3 million due to utilisation of advance received from a customer; and

(c) a decrease in current income tax liabilities of $1.4 million due to lower tax provision resulting from lower profits generated,

which were partially offset by:

(d) the recognition of lease liabilities of $0.3 million arising from the implementation of SFRS(I)16; and

(e) a bank borrowing of $0.8 million to finance the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia,

during the nine months ended 30 September 2018.

(iv) Non-current liabilities

Non-current liabilities increased by $35.0 million, from $2.5 million as at 31 December 2017 to $37.5 million as at 30 September 2018. The increase was due mainly to:

(a) other payable of $10.1 million relating to an advance from a minority shareholder extended to a foreign operation for the purpose of purchasing the investment property and working capital needs;

(b) a bank borrowing of $24.8 million to finance the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia; and

(c) the recognition of lease liabilities of $0.4 million arising from the implementation of SFRS(I)16,

which were partially offset by:

(d) a decrease in finance lease liabilities of $0.3 million as a result of repayment,

during the nine months ended 30 September 2018.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, decreased by $2.0 million, from $122.5 million as at 31 December 2017 to $120.5 million as at 30 September 2018. The decrease was largely attributable to:

(a) the dividend payment to shareholders of $6.2 million,

which was partially offset by:

(b) the profit generated from operations of $3.8 million for the nine months ended 30 September 2018; and

(c) a non-controlling interest of $0.4 million arising from the contribution from Raffles Prestige Capital Pte Ltd,

during the nine months ended 30 September 2018.

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 30 Sep 2018		As at 31 Dec 2017	
$'000	$'000	$'000	$'000
Secured	Unsecured	Secured	Unsecured
1,785	-	1,067	-

(b) Amount repayable after one year

As at 30 Sep 2018		As at 31 Dec 2017	
$'000	$'000	$'000	$'000
Secured	Unsecured	Secured	Unsecured
25,825	-	1,414	-

(c) Details of any collateral

The above secured borrowings of the Group relate to:

(1) finance lease liabilities of $2.0 million secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the finance leases; and

(2) bank term loan of $25.6 million secured by first legal mortgage over an investment property of the Group, the Group's shares in a subsidiary corporation and corporate guarantee of the Company.

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	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Net profit	1,043	742	4,173	10,747
Adjustments for:				
- Income tax expense	206	384	730	1,700
- Depreciation of property, plant and equipment	745	718	2,199	2,054
- Depreciation of right-of-use assets	112	-	346	-
- Amortisation of intangible assets	3	2	11	6
- Loss of disposal of right-of-use assets	1	-	1	-
- Gain on disposal of property, plant and equipment	(33)	(26)	(72)	(7)
- Loss on disposal of financial asset, available-for-sale	-	3	-	3
- Share of profit of investments accounted for using the equity method	(33)	(299)	(195)	(2,619)
- Interest income	(245)	(217)	(666)	(585)
- Interest expense	296	20	606	58
- Foreign exchange difference	314	-	314	-
Operating cash flow before working capital changes	2,409	1,327	7,447	11,357
Change in working capital				
- Trade and other receivables	387	(3,930)	(303)	5,114
- Contract assets	6,827	155	5,106	(5,793)
- Contract liabilities	-	-	(263)	(1,577)
- Trade and other payables	(3,187)	(1,302)	(6,668)	(547)
Cash generated from/(used in) operations	6,436	(3,750)	5,319	8,554
- Interest received	245	207	666	549
- Income tax paid	(1,008)	(711)	(2,060)	(1,658)
Net cash generated from/ (used in) operating activities	5,673	(4,254)	3,925	7,445
Cash flows from investing activities				
- Additions to property, plant and equipment	(46)	(372)	(1,262)	(1,713)
- Additions to investment properties	-	(2,270)	(46,330)	(2,270)
- Investment in an associated company	-	-	(450)	-
- Advance to associated companies	(1,666)	-	(5,041)	-
- Disposal of property, plant and equipment	101	26	140	35
- Prepayment of loans by an associated company	8,500	-	8,500	-
- Advance from a minority shareholder	-	-	10,314	-
- Dividend received from a joint venture	-	-	300	-
- Repayment of loan by a joint venture	-	2,000	3,852	2,000
- Disposal of financial asset, available-for-sale	-	1,000	-	1,000
- Capital contribution for a minority interest for the incorporation of a subsidiary corporation	-	-	-*	-
- Interest received	-	10	-	36
Net cash generated from/(used in) investing activities	6,889	394	(29,977)	(912)

Note: (*) Amount is less than $1,000.

Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(309)	(366)	(947)	(946)
- Repayment of lease liabilities	(80)		(341)	-
- Interest paid	(290)	(20)	(585)	(58)
- Proceeds from bank borrowing	-	-	26,338	-
- Dividend paid to shareholders	-	-	(6,169)	(4,626)
- Repayment of bank borrowing	(198)	-	(198)	-
- Bank deposits pledged	(13)	-	(49)	17
Net cash (used in)/generated from financing activities	(890)	(386)	18,049	(5,613)
Net increase/(decrease) in cash and cash equivalents	11,672	(4,246)	(8,003)	920
Cash and cash equivalents at the beginning of the financial period	61,870	75,278	81,551	70,112
Effects of currency translation on cash and cash equivalents	(22)	-	(28)	-
Cash and cash equivalents at the end of the financial period	73,520	71,032	73,520	71,032

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	
	30 Sep 2018	30 Sep 2017
	$'000	$'000
Cash at bank and on hand	29,551	16,772
Short-term bank deposits	48,340	58,816
Trust account – Cash at bank	234	-
	78,125	75,588
Short-term bank deposits pledged to banks	(4,605)	(4,556)
Cash and cash equivalents per consolidated statement of cash flows	73,520	71,032

Bank deposits of $4,604,821 (30 September 2017: $4,556,398) are pledged to banks for banking facilities of certain subsidiary corporations.

(ii) **Review of Cash Flows for the nine months ended 30 September 2018**

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of $3.9 million in the nine months ended 30 September 2018, a decrease of $3.5 million from net cash generated from operating activities of $7.4 million in the nine months ended 30 September 2017. The decrease was due mainly to:

(a) a decrease in cash generated from operating activities before working capital changes of $3.9 million; and

(b) an increase in income tax paid of $0.4 million during the nine months ended 30 September 2018,

which were partially offset by:

(c) a decrease in net working capital outflow of $0.7 million; and

(d) an increase in interest received of $0.1 million,

during the nine months ended 30 September 2018.

Net cash used in investing activities

Net cash of $30.0 million used in investing activities was due to:

(a) the purchase of new property, plant and equipment of $1.3 million;

(b) the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia for $46.3 million;

(c) the investment in Chong Kuo Development Pte Ltd for $0.5 million; and

(d) an advance of $3.3 million extended to an associated company, Chong Kuo Development Pte Ltd, for the purpose of purchasing the land parcel, construction costs and working capital needs and another advance of $1.7 million extended to USB Holdings Pte Ltd, for the purpose of purchasing the property at 71-85 Phoenix Avenue, Phoenix Heights,

which were partially offset by:

(e) an advance of $10.3 million received from a minority shareholder which was extended to a foreign operation for the purpose of purchasing the investment property and working capital needs;

(f) the repayment of loan by an associated company, CS Amber Development Pte Ltd, of $8.5 million;

(g) proceeds received from the disposal of property, plant and equipment of $0.1 million;

(h) the repayment of loan by a joint venture, Lakehomes Pte Ltd, of $3.9 million; and

(i) dividends of $0.3 million received from a joint venture, Forte Builder Pte Ltd.

Net cash used in financing activities

Net cash of $18.0 million was generated from financing activities in the nine months ended 30 September 2018. This was due mainly to the proceeds from bank borrowing of $26.3 million. This was partially offset by (1) dividend payments to shareholders of $6.2 million, (2) repayment of finance lease liabilities of $1.0 million, (3) repayment of bank borrowing of $0.2 million, (4) interest payments of $0.6 million, and (5) repayment of lease liabilities of $0.3 million, during the nine months ended 30 September 2018.

Overall, free cash and cash equivalents stood at $73.5 million as at 30 September 2018, an increase of $2.5 million, from $71.0 million as at 30 September 2017. This works out to cash of 23.8 cents per share as at 30 September 2018 as compared to 23.0 cents per share as at 30 September 2017 (based on 308,430,594 issued shares as at 30 September 2018 and 30 September 2017).

(iii) **Review of cash flows for third quarter ended 30 September 2018**

Net cash generated from/(used in) operating activities

Our Group's net cash generated from operating activities for the third quarter ended 30 September 2018 was $5.7 million as compared to net cash used in operating activities of $4.2 million for the third quarter ended 30 September 2017. The $9.9 million increase was due mainly to:

(a) an increase in cash generated from operating activities before working capital changes of $1.1 million; and

(b) an increase in net working capital inflow of $9.1 million,

which were partially offset by:

(c) an increase in income tax paid of $0.3 million,

during the third quarter ended 30 September 2018.

Net cash generated from investing activities

Net cash generated from investing activities was $6.9 million for the third quarter ended 30 September 2018, compared with $0.4 million for the third quarter ended 30 September 2017.

The major inflows for the third quarter ended 30 September 2018 related to the repayment of loan by an associated company, CS Amber Development Pte Ltd, of $8.5 million and the proceeds received from the disposal of property, plant and equipment of $0.1 million. The inflows were partially offset by an advance extended to another associated company, USB Holdings Pte Ltd, of $1.7 million during the third quarter ended 30 September 2018.

Net cash used in financing activities

The net cash used in financing activities was $0.9 million for the third quarter ended 30 September 2018, compared with $0.4 million for the third quarter ended 30 September 2017. The major outflows in the third quarter ended 30 September 2018 related to (1) repayment of lease labilities of $0.1 million, (2) repayment of finance lease liabilities of $0.3 million, (3) interest payments of $0.3 million and (4) repayment of bank borrowing of $0.2 million.

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	Foreign currency translation reserve	Retained profits	Total	Non controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
As at 1 Jan 2018	36,832	-	1,372	-	84,307	122,511	-	122,511
Total comprehensive income for the period	-	-	-	-*	2,844	2,844	(15)	2,829
As at 31 Mar 2018	36,832	-	1,372	-*	87,151	125,355	(15)	125,340
Total comprehensive income for the period	-	-	-	(1)	106	105	195	300
Dividend relating to FY2017	-	-	-	-	(6,169)	(6,169)	-	(6,169)
As at 30 Jun 2018	36,832	-	1,372	(1)	81,088	119,291	180	119,471
Total comprehensive income for the period	-	-	-	(5)	811	806	226	1,032
As at 30 Sep 2018	36,832	-	1,372	(6)	81,899	120,097	406	120,503

Note:

(*) Amount is less than $1,000.

	Attributable to equity holders of the Company				
	Share capital	Fair value reserve	Asset revaluation reserve	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000
<u>The Group</u>					
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

	Attributable to equity holders of the Company		
	Share capital	Retained profits	Total equity
	$'000	$'000	$'000
<u>The Company</u>			
As at 1 Jan 2018	36,832	11,782	48,614
Total comprehensive income for the period	-	143	143
As at 31 Mar 2018	36,832	11,925	48,757
Total comprehensive income for the period	-	251	251
Dividend relating to FY2017	-	(6,169)	(6,169)
As at 30 Jun 2018	36,832	6,007	42,839
Total comprehensive income for the period	-	114	114
As at 30 Sep 2018	36,832	6,121	42,953

	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	46,378
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

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 June 2018.

Under the Share Buy Back Mandate which was approved by the Shareholders on 26 April 2018, no shares were bought back by the Company during the third quarter ended 30 September 2018.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 30 September 2018 and 30 September 2017.

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

	30 Sep 2018	31 Dec 2017
Total number of issued shares (excluding treasury shares)	308,430,594	308,430,594

1(d)(iv) A statement showing all sales, transfers, 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 period compared with those for the audited financial statements as at 31 December 2017.

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

The Group has adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* in preparing the financial information included in this announcement.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective from 1 January 2018.

SFRS(I):

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *insurance contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* issued by the IASB in September 2016

Requirements in following SFRS(I)s arising from amendments to corresponding IFRSs issued by the IASB in 2016:

- SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – M*easuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The adoption of the new accounting standards does not have any significant impact on the financial information except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019. The Group has early adopted the new standard which is permitted by the standard.

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		
	Third Quarter ended 30 Sep		Increase / (Decrease)	Nine Months ended 30 Sep		Increase / (Decrease)
	2018	2017		2018	2017	
	$'000	$'000	%	$'000	$'000	%
Net profit attributable to equity holders of the Company ($'000)	811	742	9.3	3,761	10,747	(65.0)
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)	0.26	0.24	8.3	1.22	3.48	(64.9)
Diluted earnings per share (cents)	0.26	0.24	8.3	1.22	3.48	(64.9)

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 30 Sep 2018	**As at 31 Dec 2017**	**As at 30 Sep 2018**	**As at 31 Dec 2017**	**The Group**	**The Company**
Net tangible assets ($'000)	118,777	120,774	42,949	48,608	(1.7)	(11.6)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	38.51	39.16	13.93	15.76	(1.7)	(11.6)

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**

<u>Our Business</u>

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 roads related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have three core business segments: Construction, Maintenance and Rental income from investment properties.

<u>Income Statement Review (Nine months ended 30 September 2018 vs nine months ended 30 September 2017)</u>

	The Group					
	Current nine months ended 30 Sep 2018		Previous nine months ended 30 Sep 2017		Increase / (Decrease)	
	$'000	%	$'000	%	$'000	%
Construction	34,872	48.4	60,649	66.4	(25,777)	(42.5)
Maintenance	34,522	47.9	30,512	33.4	4,010	13.1
Rental income	2,689	3.7	155	0.2	2,534	1,634.8
Total Revenue	**72,083**	**100.0**	**91,316**	**100.0**	**(19,233)**	**(21.1)**

<u>Revenue</u>

Our Group reported a 21.1% or $19.2 million decrease in revenue to $72.1 million in the nine months ended 30 September 2018 as compared to $91.3 million in the nine months ended 30 September 2017. The decrease was due mainly to a 42.5% decrease in revenue from the construction segment to $34.9 million, partially offset by (i) a 13.1% increase in revenue from the maintenance segment to $34.5 million and (ii) a 1,634.8% increase in rental income.

The decrease in revenue from the construction segment was largely attributable to (1) a lower percentage of revenue recognised from a few construction projects which were reaching completion, (2) a lower percentage of revenue recognised from a few newly-awarded construction projects as well as no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway during the nine months ended 30 September 2018.

The growth in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a few major maintenance projects which were in full swing in the nine months ended 30 September 2018.

The increase in rental income generated from investment properties was due mainly to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia during the second quarter ended 30 June 2018.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 48.4% (30 September 2017: 66.4%), 47.9% (30 September 2017: 33.4%) and 3.7% (30 September 2017: 0.2%) of our Group's revenue respectively for the nine months ended 30 September 2018.

<u>Cost of sales</u>

<table>
<tr><th rowspan="3"></th><th colspan="2">The Group</th></tr>
<tr><th>Current
nine months ended
30 Sep 2018</th><th>Previous
nine months ended
30 Sep 2017</th></tr>
<tr><th>$'000</th><th>$'000</th></tr>
<tr><td>Construction</td><td rowspan="2">60,400</td><td rowspan="2">74,551</td></tr>
<tr><td>Maintenance</td></tr>
<tr><td>Rental income</td><td>819</td><td>55</td></tr>
<tr><td>Total cost of sales</td><td>61,219</td><td>74,606</td></tr>
</table>

Our cost of sales decreased by 17.9% or $13.4 million from $74.6 million for the nine months ended 30 September 2017 to $61.2 million for the nine months ended 30 September 2018. The decrease in cost of sales 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,

which were partially offset by:

(d) an accrual of additional cost arising from a construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project between the client and our subsidiary corporation; and

(e) the increase in depreciation of property, plant and machinery and right-of-use assets,

during the nine months ended 30 September 2018.

Gross profit and gross profit margin

Our gross profit for the nine months ended 30 September 2018 decreased by 35.0% or $5.8 million from $16.7 million for the nine months ended 30 September 2017 to $10.9 million for the nine months ended 30 September 2018.

Our gross profit margin decreased from 18.3% for the nine months ended 30 September 2017 to 15.1% for the nine months ended 30 September 2018.

The lower gross profit margin was largely attributable to lower profit margins for some current construction projects as a result of a more competitive pricing environment.

Other income

Other income increased by $0.5 million or 66.7% from $0.8 million for the nine months ended 30 September 2017 to $1.3 million for the nine months ended 30 September 2018. The increase was largely attributable to:

(a) an increase in government grants of $0.3 million received which comprised wage credit payouts received from the Inland Revenue Authority of Singapore (Temporary Employment Credit) and Ministry of Manpower (Special Employment Credit) and incentives received from the Building and Construction Authority for technology adoption and capability development;

(b) a gain on disposal of property, plant and equipment of $0.1 million; and

(c) an increase in interest income received of $0.1 million due to higher interest earned from bank deposits,

during the nine months ended 30 September 2018.

Other losses

The increase in other losses of $0.2 million was due mainly to loss in foreign exchange resulting from the weakening of the Australian dollar against the Singapore dollar in the nine months ended 30 September 2018.

Administrative expenses

Administrative expenses decreased by $1.0 million or 13.5% from $7.4 million for the nine months ended 30 September 2017 to $6.4 million for the nine months ended 30 September 2018. The decrease was largely due to lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for the nine months ended 30 September 2018.

Finance expenses

	The Group	
	Nine months ended 30 Sep 2018	Nine months ended 30 Sep 2017
	$'000	$'000
Finance lease liabilities	54	58
Lease liabilities[(a)]	21	-
Bank borrowing[(b)]	531	-
	606	58

Finance expenses increased by $0.5 million or 944.8% from $58,000 for the nine months ended 30 September 2017 to $0.6 million for the nine months ended 30 September 2018. The increase was due to:

(a) interest from lease liabilities of $21,000 as a result of implementation of SFRS(I) 16; and

(b) interest expenses of $0.5 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.

Share of results of associated companies and joint ventures

	The Group	
	Nine months ended 30 Sep 2018	Nine months ended 30 Sep 2017
	$'000	$'000
Share of profits of associated companies[(a)]	104	668
Share of profits of joint ventures [(b)]	91	1,951
	195	2,619

(a) Share of profits of associated companies

The $0.6 million decrease in the share of profit of associated companies in the nine months ended 30 September 2018 was due mainly to the decrease in share of profit from our associated company, United Singapore Builders Pte Ltd.

(b) Share of profit of joint ventures

The share of profit of joint ventures decreased by $1.9 million due mainly to the decrease in share of profit of $1.8 million 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 the nine months ended 30 September 2018.

Profit before income tax

Profit before income tax decreased by $7.5 million or 60.6% from $12.4 million for the nine months ended 30 September 2017 to $4.9 million for the nine months ended 30 September 2018. The decrease was due mainly to (1) the decrease in gross profit of $5.8 million, (2) the increase in other losses of $0.2 million, (3) the increase in finance expenses of $0.5 million and (4) the decrease in share of profit of associated companies and joint ventures of $2.5 million. The decrease was partially offset by (1) the decrease in administrative expenses of $1.0 million and (2) the increase in other income of $0.5 million, as explained above.

Income tax expense

Income tax expense decreased by $1.0 million or 57.1% from $1.7 million in the nine months ended 30 September 2017 to $0.7 million in the nine months ended 30 September 2018 due mainly to lower profit before income tax, as explained above.

The effective tax rates for the nine months ended 30 September 2018 and nine months ended 30 September 2017 were 14.9% and 13.7% respectively.

The effective tax rate for the nine months ended 30 September 2018 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption, and (2) a tax rebate of 20% on the corporate tax payable.

The effective tax rate for the nine months ended 30 September 2017 was lower than the statutory tax rate of 17.0% due mainly to (1) the profit before income tax 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 40% on the corporate tax payable.

Non-controlling interests

Non-controlling interests of $0.4 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the nine months ended 30 September 2018.

Net profit

Overall, net profit decreased by $6.5 million or 61.2%, from $10.7 million for the nine months ended 30 September 2017 to $4.2 million for the nine months ended 30 September 2018, following the decrease in profit before income tax of $7.5 million which was partially offset by the decrease in income tax expense of $1.0 million, as explained above.

Our net profit margin decreased from 11.8% for the nine months ended 30 September 2017 to 5.5% for the nine months ended 30 September 2018.

Income Statement Review (Third Quarter ended 30 September 2018 vs Third Quarter ended 30 September 2017)

	The Group					
	Current third quarter ended 30 Sep 2018		Previous third quarter ended 30 Sep 2017		Increase / (Decrease)	
	$'000	%	$'000	%	$'000	%
Construction	13,064	60.2	17,627	65.0	(4,563)	(25.9)
Maintenance	7,234	33.4	9,426	34.8	(2,192)	(23.3)
Rental income	1,392	6.4	61	0.2	1,331	2,182.0
Total Revenue	**21,690**	**100.0**	**27,114**	**100.0**	(5,424)	(20.0)

Revenue

Our Group registered revenue of $21.7 million in the third quarter ended 30 September 2018 as compared to $27.1 million in the third quarter ended 30 September 2017. The decrease in revenue from both the construction and maintenance segments was partially offset by an increase in rental income.

The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from (1) a few construction projects which were reaching completion and (2) a newly-awarded construction project during the third quarter ended 30 September 2018.

The decrease in revenue from the maintenance segment was largely attributable to a lower percentage of revenue recognised from (1) a few maintenance projects which were reaching completion and (2) a few newly-awarded maintenance projects during the third quarter ended 30 September 2018.

The increase in rental income generated from investment properties was due mainly to rental income from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia during the third quarter ended 30 September 2018.

Cost of sales

<table>
<tr><td rowspan="3"></td><td colspan="2">The Group</td></tr>
<tr><td>Current third quarter ended 30 Sep 2018</td><td>Previous third quarter ended 30 Sep 2017</td></tr>
<tr><td>$'000</td><td>$'000</td></tr>
<tr><td>Construction</td><td rowspan="2">17,847</td><td rowspan="2">24,413</td></tr>
<tr><td>Maintenance</td></tr>
<tr><td>Rental income</td><td>425</td><td>37</td></tr>
<tr><td>Total cost of sales</td><td>18,272</td><td>24,450</td></tr>
</table>

Our cost of sales decreased by 25.3% or $6.2 million from $24.5 million for the third quarter ended 30 September 2017 to $18.3 million for the third quarter ended 30 September 2018. The decrease in cost of sales 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 the third quarter ended 30 September 2018.

Gross profit and gross profit margin

Our gross profit increased by $0.7 million or 28.3% from $2.7 million for the third quarter ended 30 September 2017 to $3.4 million for the third quarter ended 30 September 2018.

Our gross profit margin increased from 9.8% for the third quarter ended 30 September 2017 to 15.8% for the third quarter ended 30 September 2018.

The higher gross profit and gross profit margin for the third quarter ended 30 September 2018 as compared to the third quarter ended 30 September 2017 were largely attributable to a few maintenance projects which had commanded better gross profit and were nearing completion.

Other income

Other income remained at $0.3 million for the third quarter ended 30 September 2018 and 30 September 2017.

Other losses

Other losses of $0.1 million was due mainly to loss in foreign exchange resulting from the weakening of the Australian dollar against the Singapore dollar in the third quarter ended 30 September 2018.

Administrative expenses

Administrative expenses remained at $2.0 million for the third quarter ended 30 September 2018 and 30 September 2017.

Finance expenses

Finance expenses increased by $0.3 million due mainly to:

(i) interest expenses incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia; and

(i) interest from lease liabilities of $7,000 as a result of implementation of SFRS(I) 16,

during the third quarter ended 30 September 2018.

Share of results of associated companies and joint ventures

The $0.2 million decrease in the share of profits of investments in the third quarter ended 30 September 2018 was due mainly to some associated companies and joint ventures recognising lower profits as their projects have reached substantial completion during the third quarter ended 30 September 2018.

Profit before income tax

Profit before income tax increased by $0.1 million or 10.9% from $1.1 million in the third quarter ended 30 September 2017 to $1.2 million in the third quarter ended 30 September 2018. The increase was due mainly to the increase in gross profit of $0.7 million. The increase was partially offset by (1) the decrease in share of results of investments of $0.2 million, (2) the increase in other losses of $0.1 million and (3) the increase in finance expenses of $0.3 million, as explained above.

Income tax expense

Income tax expense for the third quarter ended 30 September 2018 decreased by $0.2 million or 46.4% from $0.4 million for the third quarter ended 30 September 2017 to $0.2 million for the third quarter ended 30 September 2018.

The effective tax rates for the third quarter ended 30 September 2018 and third quarter ended 30 September 2017 were 16.5% and 34.1% respectively.

The effective tax rate for the third quarter ended 30 September 2018 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption and (2) a tax rebate of 20% on the corporate tax payable.

The effective tax rate for the third quarter ended 30 September 2017 was higher than the statutory tax rate of 17.0% due mainly to certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests of $0.2 million was due to contributions from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in the third quarter ended 30 September 2018.

Net profit

Overall, for the third quarter ended 30 September 2018, net profit increased by $0.3 million or 40.6% to $1.0 million as compared to $0.7 million for the third quarter ended 30 September 2017, following the increase in profit before income tax of $0.1 million, coupled with the decrease in income tax expense of $0.2 million, as explained above.

Our net profit margin increased from 2.7% for the third quarter ended 30 September 2017 to 4.8% for the third quarter ended 30 September 2018.

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 third quarter ended 30 September 2018 from what was previously discussed under paragraph 10 of the Company's financial statements for the second quarter ended 30 June 2018.

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 2.6% on a year-on-year ("y-o-y") basis in the third quarter of 2018, moderating from the 4.1% growth in the previous quarter.

Industry Outlook

The construction sector contracted by 3.1% on a y-o-y basis in the third quarter, weighed down primarily by the weakness in public sector construction projects, compared to the 4.2% decline in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector contracted by 1.7%, a turnaround from the contraction of 14.5% in the second quarter.

According to the mid-year forecast and actual construction demand data released by the Building and Construction Authority ("BCA") in August 2018, the total value of construction projects for the first eight months of 2018 reached $18.7 billion, out of which $11.0 billion, or almost 60.0%, was made up of public sector projects.

Over the medium term, BCA expects the construction demand to steadily improve, with a projection of between $26.0 billion and $33.0 billion per year for the period of 2019 to 2020, and could pick up to between $28.0 billion and $35.0 billion annually for the period of 2021 to 2022.

With regard to the private residential property segment, Urban Redevelopment Authority's ("URA") third quarter of 2018 real estate statistics reflected an increase of 0.5% in private residential property prices for the July to September period. The slowdown as compared to a 3.4% increase in 2Q 2018 was after the announcement of the property cooling measures implemented on 6 July 2018.

Company Outlook And Order Book Update

On the property development front, the Group announced on 7 February 2018 the acquisition of a land parcel at Chong Kuo Road through a joint tender submitted by its wholly-owned subsidiary, OKP Land Pte. Ltd. ("OKP Land"), together with Lian Soon Holdings Pte. Ltd. ("Lian Soon"), which was duly accepted by URA for $43.9 million.

OKP Land has entered into a joint venture with Lian Soon and other parties to develop a residential condominium of 84 units on the 4,288.9-square metre land parcel, which has a leasehold tenure of 99 years.

In addition, on 20 August 2018, the Group clinched the collective sale of 71-85 Phoenix Avenue, Phoenix Heights through a tender submitted by the Group's 25%-owned associated company, USB Holdings Pte. Ltd. ("USBH"), for the tender price of $33.1 million. USBH intends to apply to the Singapore Land Authority for a grant of a fresh 99-year lease for the 3,971.9-square metre property, which currently has a leasehold tenure of 99 years with effect from 1969. USBH plans to redevelop the property, subject to approvals from the relevant authorities.

Both acquisitions above are not expected to have a material impact on the earnings per share or net tangible assets per share of the Group for the current financial year ending 31 December 2018 ("FY2018").

As part of efforts to diversify earnings and to build a recurrent stream of income, OKP expanded its property business abroad to Australia. On 9 April 2018, OKP completed the acquisition of its first overseas property, a freehold office complex, 6-8 Bennett Street, in Perth, Australia for AUD43.5 million, which is expected to have a positive impact on its earnings this financial year.

Meanwhile on the construction front, the industry will continue to experience headwinds in view of the challenging operating environment, which include rising business and operation costs, keen competition and shortage of experienced manpower. The Group remains cautiously optimistic on near-term prospects as it continues to be supported by a pipeline of projects.

As at 30 September 2018, the Group's net order book stood at $258.7 million, with projects extending till 2021.

On 6 July 2018, the Group's wholly-owned subsidiary Or Kim Peow Contractors (Pte) Ltd and the Land Transport Authority entered into an agreement to mutually terminate the contract for the construction of the viaduct from Tampines Expressway ("TPE") to Pan Island Expressway ("PIE") (Westbound) and Upper Changi Road East. The mutual termination of the project is expected to have a negative impact on the earnings per share and net tangible assets of the Group for FY2018.

Moving forward after the PIE incident, the Group will stay focused on its core business, strengthen its civil engineering expertise and leverage its solid track record as a leading infrastructure engineering company for public sector projects. In addition, OKP will also continue to explore potential opportunities within Singapore and overseas, to further expand its business and presence in property development and investment.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the third quarter ended 30 September 2018.

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 third quarter ended 30 September 2018.

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

14. Use of proceeds as at 30 September 2018

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.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the third quarter and nine months ended 30 September 2018 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
5 November 2018