



OKP HOLDINGS LIMITED

胡金標控股有限公司

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

31 December 2018



27 February 2019

Table of Contents

		<u>Page No</u>
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	25
1(c)	Consolidated statements of cash flows	26
1(d)(i)	Consolidated statement of changes in equity	30
1(d)(ii)	Changes in share capital	34
1(d)(iii)	Total number of issued shares	34
1(d)(iv)	Statement of sales, transfers, disposals, cancellations and/or use of treasury shares	34
2 & 3	Audit statement	34
4	Accounting policies	35
5	Changes in accounting policies	35
6	Earnings per share	36
7	Net asset value per share	36
8	Review of Group's performance	37
9	Variance from previous prospect statement	45
10	Outlook	45
11 & 12 & 17	Dividend	47, 48 & 52
13	Interested person transactions	48
14 & 15	Segmental information (Business)	48 & 50
16	Breakdown of sales	51
18	Use of proceeds as at 31 December 2018	52
19	Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder	53
20	Confirmation that the issuer has procured undertakings from all its directors and executive officers	56

Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 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		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	18,366	26,214	(29.9)	90,449	117,530	(23.0)
Cost of sales	(11,839)	(21,064)	(43.8)	(73,058)	(95,670)	(23.6)
Gross profit	6,527	5,150	26.7	17,391	21,860	(20.3)
Other income	882	263	235.4	2,144	1,020	110.2
Other losses	(2,298)	(193)	1,090.7	(2,709)	(374)	624.3
Expenses						
- Administrative	(2,600)	(2,563)	1.4	(9,001)	(9,963)	(9.7)
- Finance	(527)	(19)	2,673.7	(1,133)	(77)	1,371.4
Share of results of associated companies and joint ventures	(316)	(99)	(219.2)	(121)	2,520	(104.8)
Profit before income tax	1,668	2,539	(34.3)	6,571	14,986	(128.1)
Income tax expense	(195)	(570)	(65.8)	(925)	(2,270)	(59.3)
Net profit	1,473	1,969	(25.2)	5,646	12,716	(55.6)
Gross profit margin	35.5%	19.6%		19.2%	18.6%	
Net profit margin	8.0%	7.5%		6.2%	10.8%	
Effective tax rate	11.7%	22.5%		14.1%	15.2%	
Net profit attributable to:						
Equity holders of the Company	2,727	1,969	38.5	6,488	12,716	(49.0)
Non-controlling interests	(1,254)	-	n.m.	(842)	-	n.m.
	1,473	1,969	(25.2)	5,646	12,716	(55.6)

n.m. – not meaningful



(i) Consolidated statement of comprehensive income for the fourth quarter and financial year ended 31 December 2018

Note	The Group			The Group		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit	1,473	1,969	(25.2)	5,646	12,716	(55.6)
Other Comprehensive income:						
Currency translation differences relating to financial statements of foreign subsidiary corporation i	(35)	-	n.m.	(47)	-	n.m.
Financial assets, available-for-sale						
- Fair value gains, net of tax ii	-	-	-	-	5	n.m.
- Reclassification	-	-	-	-	(6)	n.m.
	(35)	-	n.m.	(47)	(1)	(4,600.0)
Total comprehensive income	1,438	1,969	(27.0)	5,599	12,715	(56.0)
Total comprehensive income attributable to:						
Equity holders of the Company	2,709	1,969	37.7	6,464	12,715	(49.2)
Non-controlling interests	(1,271)	-	n.m.	(865)	-	n.m.
	1,438	1,969	(26.9)	5,599	12,715	(56.0)

Notes:

(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		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>After charging:-</u>						
Non-audit fee paid to the auditors of the Company	10	6	66.7	31	26	19.2
Amortisation of intangible assets	1	1	-	4	4	-
Depreciation of property, plant and equipment	112	121	(7.4)	451	465	(3.0)
Non-trade receivables written off	-	-	-	-	27	n.m.
Directors' remuneration						
- Directors of the Company	948	1,159	(18.2)	3,094	4,366	(29.1)
- Other Directors	111	110	0.9	448	436	2.8
Directors' fee	45	45	-	180	180	-
Interest paid and payable						
- Bank borrowing	259	-	n.m.	790	-	n.m.
- Finance lease liabilities	14	18	(22.2)	68	76	(10.5)
- Lease liabilities	21	-	n.m.	42	-	n.m.
Notional interest on loan	234	-	n.m.	234	-	n.m.
Employees compensation cost	810	717	13.0	3,191	2,852	11.9
Available-for-sale financial assets						
- Loss on disposal	-	12	n.m.	-	15	n.m.
- Reclassification from other comprehensive income upon disposal	-	-	-	-	6	n.m.
Fair value loss on investment properties	1,873	150	1,148.7	1,873	150	1,148.7
Loss on disposal of right-of-use assets	-	-	-	1	-	n.m.
Loss on foreign exchange	367	43	753.5	778	224	247.3
Loss on disposal of investment in an associated company	58	-	n.m.	58	-	n.m.

Notes:

(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) 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		
	Fourth Quarter ended 31 Dec		Increase/ (Decrease)	Financial Year ended 31 Dec		Increase/ (Decrease)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Included in the cost of sales are the following:-</u>						
Depreciation of property, plant and equipment	633	621	1.9	2,493	2,331	6.9
Depreciation of right-of-use assets i	137	-	n.m.	483	-	n.m.
Amortisation of intangible assets	5	9	(44.4)	13	12	8.3
Employees compensation cost	5,849	6,188	(5.5)	24,001	26,190	8.4
<u>After crediting:-</u>						
Interest income						
- Bank deposits	255	204	25.0	921	753	22.3
- Financial assets, available for-sale	-	-	-	-	36	n.m.
- Loan to a joint venture	529	-	n.m.	529	-	n.m.
Government grant	25	60	(58.3)	447	202	121.3
Net gain on disposal of property, plant and equipment	51	-	n.m.	123	7	1,657.1

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 years

The Group	
31 Dec 2018	31 Dec 2017
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax
 - Singapore
 - Foreign

934	2,062
96	-
1,030	2,062

- Deferred income tax
 - Singapore

219	138
-----	-----

- (Under)/over-provision of deferred income tax in prior financial periods:

- Current income tax - Singapore

(324)	70
925	2,270



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 2018	31 Dec 2017*	1 Jan 2017*	31 Dec 2018	31 Dec 2017*	1 Jan 2017*
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current assets							
Cash and cash equivalents		74,275	86,107	74,685	4,071	3,547	3,771
Trade and other receivables	i	3,598	9,487	13,610	12,537	11,914	10,107
Contract assets	ii	18,575	16,469	18,094	-	-	-
		96,448	112,063	106,389	16,608	15,461	13,878
Non-current assets							
Investments in subsidiary corporations	iii	-	-	-	19,219	19,219	17,522
Investments in joint ventures	iv	1,252	5,495	5,604	-	-	-
Investments in associated companies	v	3,462	3,175	973	-	-	-
Investment properties	vi	49,586	7,200	5,080	-	-	-
Other receivables	vii	13,493	16,600	24,026	8,796	16,847	18,194
Financial assets, available-for-sale		-	-	1,015	-	-	-
Property, plant and equipment		20,011	20,056	19,417	5,155	5,263	5,211
Right-of-use assets	viii	597	-	-	-	-	-
Intangible assets	ix	1,789	1,737	1,713	3	6	10
		90,190	54,263	57,828	33,173	41,335	40,937
Total assets		186,638	166,326	164,217	49,781	56,796	54,815
LIABILITIES							
Current liabilities							
Trade and other payables	x	24,379	37,820	41,900	3,489	8,146	8,413
Contract liabilities	xi	-	263	1,840	-	-	-
Finance lease liabilities		1,056	1,067	1,120	-	-	-
Lease liabilities	viii	192	-	-	-	-	-
Bank borrowing	xii	768	-	-	-	-	-
Current income tax liabilities		1,182	2,159	1,953	29	33	19
		27,577	41,309	46,813	3,518	8,179	8,432
Non-current liabilities							
Other payables	x	8,068	-	-	-	-	-
Finance lease liabilities		1,766	1,414	2,028	-	-	-
Lease liabilities	viii	418	-	-	-	-	-
Bank borrowing	xii	23,902	-	-	-	-	-
Deferred income tax liabilities		1,310	1,091	953	2	3	5
		35,464	2,505	2,981	2	3	5
Total liabilities		63,041	43,814	49,794	3,520	8,182	8,437
NET ASSETS		123,597	122,512	114,423	46,261	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	3,004	1,372	1,373	-	-	-
Retained profits		84,626	84,308	76,218	9,429	11,782	9,546
		124,462	122,512	114,423	46,261	48,614	46,378
Non-controlling interests		(865)	-	-	-	-	-
Total equity		123,597	122,512	114,423	46,261	48,614	46,378
Net tangible assets		121,808	120,775	112,710	46,258	48,608	46,368

(*): The Group has applied the new Singapore Financial Reporting Standards (International) ("SFRS(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		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables						
- Non-related parties	953	1,809	9,135	-	-	-
- Subsidiary corporations	-	-	-	7,349	11,845	10,036
- Retentions	337	1,796	2,135	-	-	-
	1,290	3,605	11,270	7,349	11,845	10,036
Non-trade receivables						
- Subsidiary corporations	-	-	-	5,835	725	729
- Associated company	3	-	-	-	-	-
- Joint venture	5	1	6	-	-	-
- Non-related parties	521	102	105	-	-	4
	529	103	111	5,835	725	733
Less: Allowance for impairment of receivables	-	-	-	(688)	(688)	(688)
Non-trade receivables - net	529	103	111	5,147	37	45
Loan to joint venture	-	3,852	-	-	-	-
Advance to suppliers	268	72	386	-	-	-
Deposits	721	1,162	956	7	7	7
Prepayments	790	693	887	34	25	19
	3,598	9,487	13,610	12,537	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 year.



(ii) Contract assets

The Group		
31 Dec 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Unbilled revenue

Construction contracts

- Due from customers

17,281 14,999 16,592

Construction contract work-in-progress

1,294 1,470 1,502

18,575 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		
31 Dec 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

Equity investments at cost

Beginning of financial period/year

17,632 17,632 17,632

Additions

-* - -

End of financial period/year

17,632 17,632 17,632

Allowance for impairment

Beginning and end of financial period/year

(110) (110) (110)

Loan to a subsidiary corporation

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 holdings held by the Group		
			31 Dec 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.



(iv) Investments in joint ventures

The Group		
31 Dec 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	57	1,990	2,707
Notional fair value of loan (net)	-	(99)	(91)
Dividend received	(4,300)	(2,000)	-
End of financial period/year	1,252	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		
			31 Dec 2018	31 Dec 2017	1 Jan 2017

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%	50%
Forte Builder Pte Ltd ^{(#)(2)}	Business of general construction	Singapore	50%	50%	50%
Lakehomes Pte. Ltd. ^{(^)(3)}	Property development	Singapore	10%	10%	10%

Unincorporated joint venture

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 31 December 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		
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Assets		
- Current assets	24,855	110,877
Liabilities		
- Current liabilities	(18,987)	(59,198)
Net assets	5,868	51,679
Revenue	31,171	303,573
Expenses	(30,588)	(281,210)
Profit before income tax	583	22,363
Income tax expense	(143)	(3,881)
Net profit	440	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		
31 Dec 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)	15	1,672	-
Share of (loss)/profit of associated companies	(178)	530	322
End of financial period/year	3,462	3,175	973

Name of associated companies	Principal activities	Country of incorporation	Equity holding		
			31 Dec 2018	31 Dec 2017	1 Jan 2017

Held by subsidiary corporations

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 ^{(#)(4)}	Investment holding and property development	Singapore	25%	-	-

Held by USB Holdings Pte Ltd

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		
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Assets		
- Current assets	178,760	288,397
- Non-current assets	50,252	485
Liabilities		
- Current liabilities	(20,571)	(19,703)
- Non-current liabilities	(205,882)	(276,314)
Net assets/(liabilities)	2,559	(7,135)
Revenue	30,164	183,289
Expenses	(29,061)	(177,788)
Profit before income tax	1,103	5,501
Income tax credit/(expense)	213	(94)
Net profit	1,316	5,407



(vi) Investment properties

The Group		
31 Dec 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	(2,071)	-	-
Net fair value loss recognised in profit and loss	(1,873)	(150)	(170)
End of financial period/year	49,586	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.

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 2018	31 Dec 2017
			\$'000	\$'000
6-8 Bennett Street East Perth, Western Australia	Office building	Freehold	41,756	-
No 190 Moulmein Road #10-03 The Huntington Singapore 308095	Apartment unit	Freehold	1,800	1,650
No 6 Tagore Drive B1-06 Tagore Building Singapore 787623	Office unit	Freehold	1,680	1,680
No 6 Tagore Drive B1-05 Tagore Building Singapore 787623	Office unit	Freehold	1,600	1,600
7 Woodlands Industrial Park E2 Singapore 757450	3-storey factory	60-year lease from 25 Sep 2006	2,750	2,270
			49,586	7,200

All the investment properties are carried at fair values at the balance sheet date as determined by independent professional valuers.



(vii) Other receivables (non-current)

	The Group			The Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 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	3,803	-	-	-	-	-
- USB Holdings Pte Ltd	1,662	-	-	-	-	-
- Notional fair value of loan (net)	(1,744)	(1,672)	-	-	-	-
Less: Allowance for impairment	(1,408)	(1,408)	(1,408)	-	-	-
	13,493	16,600	18,272	-	-	-
Loan to joint venture						
- Lakehomes Pte. Ltd.	-	-	5,754	-	-	-
Loan to subsidiary corporations	-	-	-	8,796	16,847	18,194
	<u>13,493</u>	<u>16,600</u>	<u>24,026</u>	<u>8,796</u>	<u>16,847</u>	<u>18,194</u>

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 corporations 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	
31 Dec 2018	31 Dec 2017
\$'000	\$'000

Right-of-use assets

Property	426	-
Office unit	59	-
Use of state land for worksites	112	-
	<u>597</u>	<u>-</u>

Lease liabilities

Current	192	-
Non-current	418	-
	<u>610</u>	<u>-</u>

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

Depreciation of right-of-use assets

Property	82	-
Office unit	30	-
Use of state land for worksites	371	-
	<u>483</u>	<u>-</u>

Lease liabilities

Interest expense (included in finance costs)	42	-
--	----	---

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		
31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 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	101	49	25	3	6	10
	<u>1,789</u>	<u>1,737</u>	<u>1,713</u>	<u>3</u>	<u>6</u>	<u>10</u>

(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	69	40	19	-	-	-
End of financial period/year	<u>497</u>	<u>428</u>	<u>388</u>	<u>55</u>	<u>55</u>	<u>55</u>

Accumulated Amortisation

Beginning of financial period/year	379	363	286	49	45	34
Amortisation charge	17	16	77	3	4	11
End of financial period/year	<u>396</u>	<u>379</u>	<u>363</u>	<u>52</u>	<u>49</u>	<u>45</u>

Net Book Value	<u>101</u>	<u>49</u>	<u>25</u>	<u>3</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 licences and are amortised over 5 years.



(x) Trade and other payables

	The Group			The Company		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Current</u>						
Trade payables						
- Non-related parties	13,713	22,740	25,849	93	98	141
Non-trade payables						
- Subsidiary corporations	-	-	-	1,947	5,342	5,347
- Joint venture partner	50	50	50	-	-	-
- Minority shareholder	324	-	-	-	-	-
	374	50	50	1,947	5,342	5,347
Accrued operating expenses	9,829	14,823	15,861	1,449	2,706	2,925
Other payables	463	207	140	-	-	-
	<u>24,379</u>	<u>37,820</u>	<u>41,900</u>	<u>3,489</u>	<u>8,146</u>	<u>8,413</u>
<u>Non-current</u>						
Other payables						
- Advance from a minority shareholder	8,068	-	-	-	-	-

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		
	31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 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		
31 Dec 2018	31 Dec 2017	1 Jan 2017	31 Dec 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Current

Secured bank term loan	768	-	-	-	-
------------------------	-----	---	---	---	---

Non-current

Secured bank term loan	23,902	-	-	-	-
	<u>24,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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		
31 Dec 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

(a) **Composition:**

Currency translation reserve	(24)	-	-
Fair value reserve	-	-	1
Capital reserve	1,656	-	-
Asset revaluation reserve	1,372	1,372	1,372
	3,004	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	(47)	-	-
Less: Non-controlling interest	23	-	-
End of financial period/year	(24)	-	-

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



(xiii) Other reserves (Cont'd)

The Group		
31 Dec 2018	31 Dec 2017	1 Jan 2017
\$'000	\$'000	\$'000

(b) Movements (Cont'd)

Capital reserve

Beginning of financial period/year	-	-	-
Fair value on interest-free loans	1,656	-	-
End of financial period/year	1,656	-	-

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 \$15.6 million, from \$112.1 million as at 31 December 2017 to \$96.5 million as at 31 December 2018. The decrease was attributable to:

- (a) a decrease in cash and cash equivalents of \$11.8 million. This was due mainly to (1) the cash used in investing activities of \$36.9 million and (2) cash used in operations of \$2.5 million, which were partially offset by (1) cash generated from financing activities of \$27.1 million and (2) increase in bank deposits pledged with a bank of \$0.5 million; and
- (b) a decrease in trade and other receivables of \$5.9 million, due mainly to repayment of loans by a joint venture, Lakehomes Pte Ltd, of \$3.9 million, coupled with a decrease in trade receivables of \$2.0 million due to settlement of billings by a few customers during the financial year ended 31 December 2018 ("FY2018"),

which were partially offset by:

- (b) an increase in contract assets of \$2.1 million, due mainly to an increase in amount due from customers of \$2.3 million which related to work done but not billed in December 2018. The increase was partially offset by a decrease in construction contract work-in-progress of \$0.2 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up to 31 December 2018 as compared to the previous year.



(ii) Non-current assets

Non-current assets increased by \$35.9 million, from \$54.3 million as at 31 December 2017 to \$90.2 million as at 31 December 2018. The increase was attributable to:

- (a) an increase in investment properties of \$42.4 million resulting from the \$46.3 million purchase of the property at 6-8 Bennett Street, East Perth, Western Australia. The increase was partially offset by (1) net fair value loss of \$1.9 million arising from the revaluation of some investment properties and (2) an exchange realignment of \$2.0 million due to depreciation of Australian dollar in FY2018;
- (b) an increase in investments in associated companies of \$0.3 million due mainly to the cost of investment of \$0.5 million in an associated company, Chong Kuo Development Pte Ltd, which was partially offset by the share of loss of associated companies of \$0.2 million; and
- (c) the recognition of right-of-use assets of \$0.5 million as the Group has applied SFRS(I)16,

which were partially offset by:

- (d) a decrease in other receivables of \$3.1 million due to (1) the repayment of loans by an associated company, CS Amber Development Pte Ltd, of \$8.5 million and (2) a notional fair value adjustment of loans extended to the associated companies of \$0.1 million. The decrease was partially offset by (1) an advance to an associated company, Chong Kuo Development Pte Ltd, of \$3.8 million and (2) an advance to another associated company, USB Holdings Pte Ltd, of \$1.7 million; and
- (e) a decrease in investments in joint ventures of \$4.2 million due mainly to (1) dividends of \$0.3 million received from a joint venture, Forte Builder Pte Ltd, and (2) dividends of \$4.0 million received from another joint venture, Lakehomes Pte Ltd, which was partially offset by the share of profit of joint ventures of \$1.0 million,

during FY2018.

(iii) Current liabilities

Current liabilities decreased by \$13.7 million, from \$41.3 million as at 31 December 2017 to \$27.6 million as at 31 December 2018. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$13.4 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 \$1.0 million due to lower tax provision resulting from lower profits generated,

which were partially offset by:

- (d) the recognition of lease liabilities of \$0.2 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 FY2018.



(iv) Non-current liabilities

Non-current liabilities increased by \$33.0 million, from \$2.5 million as at 31 December 2017 to \$35.5 million as at 31 December 2018. The increase was due mainly to:

- (a) other payable of \$8.1 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) an increase in finance lease liabilities of \$0.4 million as a result of the purchase of plant and machinery to support new projects;
- (c) a bank borrowing of \$23.9 million to finance the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia;
- (d) the recognition of lease liabilities of \$0.4 million arising from the implementation of SFRS(I)16; and
- (e) an increase in deferred tax liabilities of \$0.2 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes,

during FY2018.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$1.1 million, from \$122.5 million as at 31 December 2017 to \$123.6 million as at 31 December 2018. The increase was largely attributable to:

- (a) the profit generated from operations of \$6.5 million in FY2018; and
- (b) a capital reserve of \$1.6 million arising from the fair value adjustment on the interest-free loan from a minority shareholder,

which were partially offset by:

- (c) the dividend payment to shareholders of \$6.2 million; and
- (d) a non-controlling interest of \$0.8 million due to the losses of Raffles Prestige Capital Pte Ltd,

during FY2018.



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 2018		As at 31 Dec 2017	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
1,824	-	1,067	-

(b) Amount repayable after one year

As at 31 Dec 2018		As at 31 Dec 2017	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
25,668	-	1,414	-

(c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) finance lease liabilities of \$2.8 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 \$24.7 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	
	Fourth Quarter ended 31 Dec		Financial Year ended 31 Dec	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Net profit	1,473	1,968	5,646	12,715
Adjustments for:				
- Income tax expense	195	571	925	2,271
- Depreciation of property, plant and equipment	745	742	2,944	2,796
- Depreciation of right-of-use assets	137	-	483	-
- Amortisation of intangible assets	6	10	17	16
- Loss of disposal of right-of-use assets	-	-	1	-
- Gain on disposal of property, plant and equipment (net)	(51)	-	(123)	(7)
- Loss on disposal of financial asset, available-for-sale	-	12	-	15
- Notional interest on loan	234	-	234	-
- Share of loss/(profit) of investments accounted for using the equity method	316	99	121	(2,520)
- Fair value loss on investment properties	1,873	150	1,873	150
- Interest income	(255)	(204)	(921)	(789)
- Interest expense	294	18	900	76
- Loss on disposal of investment in an associated company	58	-	58	-
- Unrealised foreign exchange difference	(456)	-	(142)	-
Operating cash flow before working capital changes	4,569	3,366	12,016	14,723
Change in working capital				
- Trade and other receivables	2,353	5,864	2,050	7,975
- Contract assets	(7,213)	4,414	(2,107)	1,625
- Contract liabilities	-	-	(263)	(1,577)
- Trade and other payables	(6,773)	(3,534)	(13,441)	(4,081)
Cash (used in)/generated from operations	(7,064)	10,110	(1,745)	18,665
- Interest received	255	204	921	753
- Net income tax received/(paid)	380	(269)	(1,680)	(1,927)
Net cash (used in)/generated from operating activities	(6,429)	10,045	(2,504)	17,491
Cash flows from investing activities				
- Additions to property, plant and equipment	(261)	(1,222)	(1,523)	(2,935)
- Additions to intangible assets	(69)	(40)	(69)	(40)
- Additions to investment properties	-	-	(46,330)	(2,270)
- Investment in an associated company	-	-	(450)	-
- Advance to associated companies	(424)	-	(5,465)	-
- Disposal of property, plant and equipment	54	-	194	35
- Dividends received from joint ventures	4,000	2,000	4,300	2,000
- Repayment of loans by a joint venture	-	-	3,852	2,000
- Repayment of loans by an associated company	-	-	8,500	-
- Disposal of financial asset, available-for-sale	-	-	-	1,000
- Interest received	-	-	-	36
Net cash generated from /(used in) investing activities	3,300	738	(36,991)	(174)



Consolidated statements of cash flows (Cont'd)

	The Group		The Group	
	Fourth Quarter ended 31 Dec		Financial Year ended 31 Dec	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities				
- Repayment of finance lease liabilities	(162)	(247)	(1,109)	(1,193)
- Repayment of lease liabilities	(170)	-	(511)	-
- Interest paid	(273)	(18)	(858)	(76)
- Proceeds from bank borrowing	-	-	26,338	-
- Repayment of bank borrowing	(191)	-	(389)	-
- Advance from a minority shareholder	-	-	10,314	-
- Dividend paid to equity holders of the Company	-	-	(6,169)	(4,626)
- Bank deposits pledged	(439)	1	(488)	18
Net cash (used in)/generated from financing activities	(1,235)	(264)	27,128	(5,877)
Net (decrease)/increase in cash and cash equivalents	(4,364)	10,519	(12,367)	11,440
Cash and cash equivalents at the beginning of the financial period/year	73,520	71,032	81,551	70,111
Effects of currency translation on cash and cash equivalents	75	-	47	-
Cash and cash equivalents at the end of the financial period/year	69,231	81,551	69,231	81,551

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 year comprised the following:

	The Group	
	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Cash at bank and on hand	25,702	27,174
Short-term bank deposits	48,451	58,933
Trust account – Cash at bank	122	-
	74,275	86,107
Short-term bank deposits pledged to banks	(5,044)	(4,556)
Cash and cash equivalents per consolidated statement of cash flows	69,231	81,551

Bank deposits of \$5.0 million (2017: \$4.6 million) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of Cash Flows for FY2018**

Net cash (used in)/generated from operating activities

Our Group reported net cash used in operating activities of \$2.5 million in FY2018, a decrease of \$20.0 million from net cash generated from operating activities of \$17.5 million in the financial year ended 31 December 2017 ("FY2017"). The \$20.0 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 \$2.7 million; and
- (b) an increase in net working capital outflow of \$17.5 million,

which were partially offset by:

- (c) an increase in interest received of \$0.2 million during FY2018.

Net cash used in investing activities

Net cash used in investing activities of \$36.9 million was due to:

- (a) the purchase of new property, plant and equipment of \$1.5 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 \$3.8 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) the repayment of loan by an associated company, CS Amber Development Pte Ltd, of \$8.5 million;
- (f) proceeds received from the disposal of property, plant and equipment of \$0.2 million;
- (g) the repayment of loan by a joint venture, Lakehomes Pte Ltd, of \$3.9 million; and
- (h) dividends of \$0.3 million and \$4.0 million received from the joint ventures, Forte Builder Pte Ltd and Lakehomes Pte Ltd, respectively.

Net cash generated from financing activities

Net cash of \$27.1 million was generated from financing activities in FY2018. This was due mainly to (1) the proceeds from bank borrowing of \$26.3 million and (2) 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. These were partially offset by (1) dividend payments to shareholders of \$6.2 million, (2) repayment of finance lease liabilities of \$1.2 million, (3) repayment of bank borrowing of \$0.3 million, (4) interest payments of \$0.8 million, (5) increase in bank deposit pledged with a bank of \$0.5 million to secure a bank facility and (6) repayment of lease liabilities of \$0.5 million, during FY2018.

Overall, free cash and cash equivalents stood at \$69.2 million as at 31 December 2018, a decrease of \$12.3 million, from \$81.5 million as at 31 December 2017. This works out to cash of 22.4 cents per share as at 31 December 2018 as compared to 26.4 cents per share as at 31 December 2017 (based on 308,430,594 issued shares as at 31 December 2018 and 31 December 2017).



(iii) **Review of Cash Flows for fourth quarter ended 31 December 2018**

Net cash (used in)/generated from operating activities

Our Group's net cash used in operating activities for the fourth quarter ended 31 December 2018 ("4Q2018") was \$6.4 million as compared to net cash generated from operating activities for the fourth quarter ended 31 December 2017 ("4Q2017") of \$10.1 million. The \$16.5 million increase in net cash used in operating activities was due to:

(a) an increase in net working capital outflow of \$18.3 million,

which was partially offset by:

(b) an increase in cash generated from operating activities before working capital changes of \$1.2 million; and

(c) a decrease in income tax paid of \$0.6 million during 4Q2018.

Net cash generated from investing activities

Net cash generated from investing activities was \$3.4 million for 4Q2018, compared with \$0.7 million for 4Q2017.

The major inflows for 4Q2018 related to the dividends received from a joint venture, Lakehomes Pte Ltd, of \$4.0 million. The inflows were partially offset by (1) an advance extended to another associated company, Chong Kuo Development Pte Ltd, of \$0.4 million and (2) purchase of property, plant and equipment of \$0.2 million, during 4Q2018.

Net cash used in financing activities

The net cash used in financing activities was \$1.3 million for 4Q2018, compared with \$0.3 million for 4Q2017. The major outflows in 4Q2018 related to (1) repayment of lease liabilities of \$0.1 million, (2) repayment of finance lease liabilities of \$0.2 million, (3) interest payments of \$0.3 million, (4) a bank deposit pledged with a bank of \$0.5 million to secure a bank facility and (5) 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	Capital reserve	Asset revaluation reserve	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
Total comprehensive income for the period	-	-	-	(18)	2,727	2,709	(1,271)	1,438
Fair value adjustment on interest-free loan	-	1,656	-	-	-	1,656	-	1,656
As at 31 Dec 2018	36,832	1,656	1,372	(24)	84,626	124,462	(865)	123,597



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	-	-	-	1,969	1,969
As at 31 Dec 2017	36,832	-	1,372	84,308	122,512



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

The Company

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
Total comprehensive income for the period	-	3,308	3,308
As at 31 Dec 2018	36,832	9,429	46,261



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



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 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 fourth quarter ended 31 December 2018.

There were no outstanding convertibles issued or treasury shares held by the Company and no subsidiary holdings as at 31 December 2018 and 31 December 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

	31 December 2018	31 December 2017
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 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

Below are the new and amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that have been published and relevant for the Group's accounting period beginning on or after 1 January 2019:

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 Leases
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to SFRS(I)s 2015-2017 Cycle
- INT SFRS(I) 123 : Uncertainty over Income Tax Treatments Illustrative Examples

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 110 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the new accounting standards does not have any significant impact on the financial information.



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)
	2018	2017		2018	2017	
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit attributable to equity holders of the Company (\$'000)	2,727	1,968	38.6	6,488	12,715	(49.0)
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)	0.88	0.64	37.5	2.10	4.12	(49.0)
Diluted earnings per share (cents)	0.88	0.64	37.5	2.10	4.12	(49.0)

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 2018	As at 31 Dec 2017	As at 31 Dec 2018	As at 31 Dec 2017	The Group	The Company
Net tangible assets (\$'000)	121,808	120,775	46,258	48,608	0.9	(4.8)
Number of shares	308,430,594	308,430,594	308,430,594	308,430,594	-	-
NTA per share (cents)	39.49	39.16	15.00	15.76	0.8	(4.8)



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

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. We specialise in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and road-related facilities and building construction-related works. We 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.

Income Statement Review (Current financial year ended 31 December 2018 vs previous financial year ended 31 December 2017)

	The Group					
	Current financial year ended 31 December 2018		Previous financial year ended 31 December 2017		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	46,051	50.9	78,448	66.7	(32,397)	(41.3)
Maintenance	40,363	44.6	38,846	33.1	1,517	3.9
Rental income	4,035	4.5	236	0.2	3,799	1,609.7
Total Revenue	90,449	100.0	117,530	100.0	(27,081)	(23.0)

Revenue

Our Group reported a 23.0% or \$27.1 million decrease in revenue to \$90.4 million for FY2018 as compared to \$117.5 million for FY2017. The decrease was due mainly to a 41.3% decrease in revenue from the construction segment to \$46.1 million, partially offset by (i) a 3.9% increase in revenue from the maintenance segment to \$40.4 million and (ii) a 1,609.7% 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 following the mutual termination of the project, during FY2018.



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 FY2018.

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 based on the current occupancy rate of approximately 68.0%.

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 50.9% (FY2017: 66.7%), 44.6% (FY2017: 33.1%) and 4.5% (FY2017: 0.2%) of our Group's revenue respectively for FY2018.

Cost of sales

	The Group			
	Current financial year ended 31 December 2018	Previous financial year ended 31 December 2017	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	71,784	95,600	(23,816)	(24.9)
Maintenance				
Rental income	1,274	70	1,204	1,720.0
Total cost of sales	73,058	95,670	(22,612)	(23.6)

Our cost of sales decreased by 23.6% or \$22.6 million from \$95.7 million for FY2017 to \$73.1 million for FY2018. 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 additional cost arising from a construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project; and
- (d) the increase in depreciation of property, plant and machinery and right-of-use assets, during FY2018.



Gross profit and gross profit margin

Our gross profit for FY2018 decreased by 20.3% or \$4.5 million from \$21.9 million for FY2017 to \$17.4 million for FY2018.

However, our gross profit margin improved marginally from 18.6% for FY2017 to 19.2% for FY2018.

The slight improvement in the gross profit margin for FY2018 was largely attributable to the completion of a few maintenance projects which had commanded better gross profit.

Other income

Other income increased by \$1.1 million or 110.2% from \$1.0 million for FY2017 to \$2.1 million for FY2018. 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) interest received from loan to a joint venture of \$0.5 million;
- (c) a gain on disposal of property, plant and equipment of \$0.1 million; and
- (d) an increase in interest income received of \$0.2 million due to higher interest earned from bank deposits,

during FY2018.

Other losses

Other losses increased by \$2.3 million or 624.3% from \$0.4 million for FY2017 to \$2.7 million for FY2018. The increase was largely attributable to:

- (a) an increase in fair value loss of \$1.7 million arising from the revaluation of some of the investment properties; and
- (b) an increase in loss from foreign exchange of \$0.6 million resulting mainly from the weakening of the Australian dollar against the Singapore dollar,

during FY2018.

Administrative expenses

Administrative expenses decreased by \$1.0 million or 9.7% from \$10.0 million for FY2017 to \$9.0 million for FY2018. The decrease was largely attributable to:

- (a) a decrease in directors' remuneration (including profit sharing) of \$1.3 million as a result of the lower profit generated by the Group for FY2018; and
- (b) a decrease in tender charges of \$0.2 million due to tenders for lesser complex projects,

which were partially offset by:

- (c) an increase in staff costs of \$0.3 million during 4Q2018; and
- (d) foreign withholding tax of \$0.2 million on loan interest paid in Australia.



Finance expenses

The Group	
Financial Year ended 31 Dec 2018	Financial Year ended 31 Dec 2017
\$'000	\$'000
Finance lease liabilities	77
Notional interest on loan ^(b)	-
Lease liabilities ^(a)	-
Bank borrowing ^(c)	-
1,133	77

Finance expenses increased by \$1.1 million or 1,371.4% from \$77,000 for FY2017 to \$1.1 million for FY2018. The increase was due to:

- (a) interest from lease liabilities of \$42,000 as a result of implementation of SFRS(I) 16;
- (b) a notional interest on loan of \$0.2 million resulting from fair value adjustment of loans from a minority shareholder; and
- (c) interest expenses of \$0.8 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	
Financial Year ended 31 Dec 2018	Financial Year ended 31 Dec 2017
\$'000	\$'000
Share of profit of joint ventures ^(a)	1,990
Share of (loss)/profit of associated companies ^(b)	530
(121)	2,520

(a) 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 handed over during FY2018. All the units have been fully sold and recognised in FY2018.



(b) Share of loss of associated companies

The share of loss of associated companies was due mainly to the operating expenses incurred by the Group's 22.5% held associated company, Chong Kuo Development Pte Ltd, and decrease in share of profit of the Group's 25% held associated company, USB Holdings Pte Ltd, during FY2018.

Profit before income tax

Profit before income tax decreased by \$8.4 million or 128.1% from \$15.0 million for FY2017 to \$6.6 million for FY2018. The decrease was due mainly to (1) the decrease in gross profit of \$4.5 million, (2) the increase in other losses of \$2.3 million, (3) the decrease in the share of profit of associated companies and joint ventures of \$2.6 million and (4) the increase in finance expenses of \$1.1 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 \$1.1 million, as explained above.

Income tax expense

Income tax expense decreased by \$1.3 million or 59.3% from \$2.2 million in FY2017 to \$0.9 million in FY2018 due to lower profit before income tax, as explained above.

The effective tax rates for FY2018 and FY2017 were 14.1% and 15.2% respectively.

The effective tax rate for FY2018 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 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.

Non-controlling interests

Non-controlling interests of \$0.8 million was due to losses from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in FY2018. The loss was mainly due to the fair value loss of \$2.5 million arising from the revaluation of the property at 6-8 Bennett Street, East Perth, Western Australia during 4Q2018.

Net profit

Our net profit decreased by \$7.1 million or 55.6%, from \$12.7 million for FY2017 to \$5.7 million for FY2018 due to the decrease in profit before income tax of \$8.2 million, which was partially offset by the decrease in income tax expense of \$1.1 million, as explained above.

Our net profit margin decreased from 10.8% for FY2017 to 6.2% for FY2018.



Income Statement Review (Fourth Quarter ended 31 Dec 2018 vs Fourth Quarter ended 31 Dec 2017)

	The Group					
	Current fourth quarter ended 31 Dec 2018		Previous fourth quarter ended 31 Dec 2017		Increase / (Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	11,179	60.9	17,799	67.9	(6,620)	(37.2)
Maintenance	5,841	31.8	8,334	31.8	(2,493)	(29.9)
Rental income	1,346	7.3	81	0.3	1,265	1,561.7
Total Revenue	18,366	100.0	26,214	100.0	(7,848)	(29.9)

Revenue

Our Group's revenue was \$18.4 million in 4Q2018 compared to \$26.2 million in 4Q2017. The decrease in revenue from both the construction and maintenance segments was partially offset by an increase in rental income.

The construction segment contributed \$11.2 million to our Group's revenue in 4Q2018, compared to \$17.8 million in 4Q2017. 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 few newly-awarded construction projects during 4Q2018.

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 4Q2018.

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.



Cost of sales

	The Group			
	Current fourth quarter ended 31 Dec 2018	Previous fourth quarter ended 31 Dec 2017	Increase / (Decrease)	
	\$'000	\$'000	\$'000	%
Construction	11,384	21,049	(9,665)	(45.9)
Maintenance				
Rental income	455	15	440	2,933.3
Total cost of sales	11,839	21,064	(9,225)	(43.8)

Our cost of sales decreased by 43.8% or \$9.2 million from \$21.1 million for 4Q2017 to \$11.8 million for 4Q2018. 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
 - (a) the decrease in labour costs,
- during 4Q2018.

Gross profit and gross profit margin

Our gross profit for 4Q2018 increased by \$1.4 million or 26.7% from \$5.1 million for 4Q2017 to \$6.5 million for 4Q2018.

Our gross profit margin increased from 19.6% in 4Q2017 to 35.5% in 4Q2018.

The higher gross profit margin was largely attributable to the completion of a few projects which had commanded better gross profit margin during 4Q2018.

Other income

Other income increased by \$0.6 million or 235.4% from \$0.3 million for 4Q2017 to \$0.9 million for 4Q2018. The increase was due mainly to:

- (a) interest received from loan to a joint venture of \$0.5 million; and
 - (b) a gain on disposal of property, plant and equipment of \$0.1 million,
- in 4Q2018.



Other losses

Other losses increased by \$2.1 million or 1,090.7% from \$0.2 million for 4Q2017 to \$2.3 million for 4Q2018. The increase was largely attributable to:

- (b) an increase in fair value loss of \$1.7 million arising from the revaluation of some of the investment properties; and
- (b) an increase in loss from foreign exchange of \$0.4 million resulting mainly from the weakening of the Australian dollar against the Singapore dollar,

during FY2018.

Administrative expenses

Administrative expenses remained at \$2.6 million for 4Q2017 and 4Q2018.

Finance expenses

Finance expenses increased by \$0.5 million due mainly to:

- (i) interest expenses of \$0.3 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia;
- (ii) a notional interest on loan of \$0.2 million resulting from fair value adjustment of loans from a minority shareholder; and
- (iii) interest from lease liabilities of \$35,000 as a result of implementation of SFRS(I) 16,

during 4Q2018.

Share of results of associated companies and joint ventures

The increase in share of losses of associated companies and joint ventures of \$0.2 million was due mainly to:

- (i) a reduced share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium; and
- (ii) an increase in share of operating expenses incurred by the Group's 22.5% held associated company, Chong Kuo Development Pte Ltd,

during 4Q2018.

Profit before income tax

Profit before income tax decreased by \$0.8 million or 34.3% from \$2.5 million in 4Q2017 to \$1.7 million in 4Q2018. The decrease was due mainly to (a) the increase in other losses of \$2.1 million, (b) the increase in finance costs of \$0.5 million and (c) the increase in share of losses of associated companies and joint ventures of \$0.2 million. The decrease was partially offset by (a) the increase in gross profit of \$1.4 million and (b) the increase in other income of \$0.6 million, as explained above.



Income tax expense

Income tax expense decreased by \$0.3 million or 65.8% from \$0.5 million in 4Q2017 to \$0.2 million in 4Q2018.

The effective tax rate for 4Q2018 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 4Q2017 were higher than the statutory tax rate of 17% due mainly to certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests of \$1.3 million was due to losses from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in 4Q2018. The loss was due to the fair value loss of \$2.5 million arising from the revaluation of the property at 6-8 Bennett Street, East Perth, Western Australia during 4Q2018.

Net profit

For 4Q2018, net profit decreased by \$0.5 million or 25.2% to \$1.5 million as compared to \$2.0 million for 4Q2017 due to the decrease in profit before income tax of \$0.6 million, which was partially offset by the decrease in income tax expense of \$0.1 million, as explained above.

However, our net profit margin increased from 7.5% for 4Q2017 to 8.0% for 4Q2018.

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

Advance estimates from the Ministry of Trade and Industry ("MTI") showed that the Singapore economy grew by 1.9% on a year-on-year ("y-o-y") basis in 4Q2018, easing slightly from the 2.4% growth from the preceding quarter. Overall, the economy grew by 3.2% in 2018.

Industry Outlook

The construction sector contracted by 1.0% y-o-y, a more gradual decline compared to the 2.3% contraction in the previous quarter, mainly due to weakness in the public sector construction demand. In 2019, the Building and Construction Authority ("BCA") projects the total construction demand to remain steady, ranging between \$27.0 billion and \$32.0 billion, comparable to the \$30.5 billion of construction contracts awarded in 2018.

This projected outlook is largely attributable to the sustained public sector demand, which is expected to reach between \$16.5 billion and \$19.5 billion, boosted by major infrastructure and pipeline industrial building projects. Private sector demand is expected to be between \$10.5 billion and \$12.5 billion, supported by new industrial developments and redevelopment of past en-bloc sale sites.



Over the medium term, BCA expects the construction demand to steadily improve, with a projection of between \$27.0 billion and \$34.0 billion per year for the period of 2020 to 2021 and could pick up to between \$28.0 billion and \$35.0 billion annually for the period of 2022 to 2023.

In the residential development segment, the market saw an increase in private home prices by 7.9% for the whole of 2018, compared with the 1.1% increase in 2017, according to Urban Redevelopment Authority's ("URA") 4th Quarter 2018 real estate statistics. Growth for the property segment had slowed down moderately after the property market cooling measures in July 2018, as private home prices decreased by 0.1% in 4Q2018, as compared to the 0.5% increase in the previous quarter.

Company Outlook And Order Book Update

Despite the challenging macroeconomic environment, the Group's business remains fundamentally sound.

On the property development front, the Group is on track with visible progress in its two new residential developments at Chong Kuo Road and Phoenix Heights.

The Group will be launching the 84-unit development at Chong Kuo Road, The Essence, which is located in an established private residential estate at Chong Kuo in March 2019.

The residential project at Phoenix Heights in Bukit Panjang has received approval for development of a condominium with 79 units. The Group has also received an in-principle approval from the Singapore Land Authority for the grant of a fresh 99-year lease.

As part of its ongoing efforts to diversify earnings and build recurrent income, the Group has extended its geographical reach to Perth, Australia, through the strategic acquisition of a freehold office complex at 6-8 Bennett Street. The acquisition was completed on 9 April 2018.

In the construction segment, the Group remains cautiously optimistic of near-term prospects, having successfully clinched a number of new public sector contracts in FY2018. The Group continues to be supported by a clear pipeline of projects targeted for completion up to 2023.

As at 31 December 2018, the Group's net construction order book stood at \$265.8 million, with projects extending till 2023.

On 6 July 2018, the Group entered into a mutual agreement to terminate the contract for the construction of the viaduct from Tampines Expressway (TPE) to Pan Island Expressway (PIE) (Westbound) and Upper Changi Road East, following the construction incident.

Moving forward, the Group will continue to remain focused on its core business and leverage on its solid track record by strengthening its civil engineering expertise. The Group will also continue to seek suitable opportunities in property development and investment through strategic partnerships, expanding its business and presence both locally and overseas.



11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividends	Final	Special
Dividend Type	Cash	Cash
Dividend amount per share	\$0.007	\$0.003
	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	\$0.013
	One-tier tax exempt	One-tier tax exempt

(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 29 April 2019 (Monday), will be made on 17 May 2019.

(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 8 May 2019 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 8 May 2019 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 8 May 2019 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 during the fourth quarter ended 31 December 2018.

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

**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.
- (iii) Rental income - It relates to income received from rental of investment properties.



	Primary Reporting- Business Segment							
	Current financial year ended 31 December 2018				Previous financial year ended 31 December 2017			
The Group	Construction	Maintenance	Rental income	Total	Construction	Maintenance	Rental income	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
Total segment revenue	52,191	50,405	4,035	106,631	78,455	52,298	236	130,989
Inter-segment revenue	(6,140)	(10,042)	-	(16,182)	(7)	(13,452)	-	(13,459)
Revenue to external parties	46,051	40,363	4,035	90,449	78,448	38,846	236	117,530
Gross profit	6,669	7,962	2,760	17,391	12,488	9,206	166	21,860
Other income								
-Allocated			1	1				-
-Unallocated			-	2,143				1,020
Other losses								
-Allocated			(2,503)	(2,503)				-
-Unallocated			-	(206)				(374)
Administrative costs								
-Allocated			(32)	(32)				-
-Unallocated			-	(8,969)				(9,963)
Share of profit of joint venture companies				57				1,990
Share of profit of associated companies				(178)				530
Finance expenses				7,704				15,063
-Allocated			(1,023)	(1,023)				-
-Unallocated			-	(110)				(77)
Profit before income tax				6,571				14,986
Income tax expense								-
-Allocated			(96)	(96)				(2,271)
-Unallocated			-	(829)				
Net profit				5,646				12,715
Depreciation of fixed assets	1,946	547	-	2,493	1,901	431	-	2,332
Depreciation of right-of-use Amortisation	387	96	-	483	-	-	-	-
	10	3	-	13	10	2	-	12
Segment assets	16,953	5,469	50,238	72,660	15,502	6,443	21	21,966
Segment liabilities	13,046	8,011	512	21,569	26,461	7,156	100	33,717

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

Geographical segments are analysed by two principal geographical areas, namely Singapore and Australia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location where the revenue is generated. Segment non-current assets and segment assets are based on the geographical location of the assets.

	Geographical Segment					
	Current financial year ended 31 December 2018			Previous financial year ended 31 December 2017		
	Singapore	Australia	Total	Singapore	Australia	Total
The Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	86,750	3,699	90,449	117,530	-	117,530
Segment non-current assets	48,435	41,756	90,191	54,262	-	54,262
Segment assets	144,391	42,248	186,639	166,325	-	166,325

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 2018		Previous financial year ended 31 December 2017		Increase / (Decrease)
	\$'000	Gross profit margin	\$'000	Gross profit margin	\$'000
Construction	6,669	14.5%	12,488	15.9%	(5,819)
Maintenance	7,962	19.7%	9,206	23.7%	(1,244)
Rental income	2,760	68.4%	166	70.5%	2,594
Total gross profit	17,391	19.2%	21,860	18.6%	(4,469)

The slight drop in gross profit margin of both the construction and maintenance segments was due mainly to the more competitive pricing environment and rising manpower costs.

The gross profit margin of rental income maintained at 68.4% and 70.5% in FY2018 and FY2017 respectively.



16. A breakdown of sales

	The Group			
	Current financial year ended 31 Dec 2018	Previous financial year ended 31 Dec 2017	Increase/ (Decrease)	
	\$'000	\$'000	\$'000	%
(a) Sales reported for first half year	50,393	64,202	(13,809)	(21.5)
(b) Operating profit after taxation before deducting non-controlling interests reported for the first half year	3,130	10,005	(6,875)	(68.7)
(c) Sales reported for second half year	40,056	53,328	(13,272)	(24.9)
(d) Operating profit after taxation before deducting non-controlling interests reported for the second half year	2,516	2,711	(195)	(7.2)



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

	FY2018 (\$'000)	FY2017 (\$'000)
Ordinary	3,084	6,169
Preference	-	-
Total	3,084	6,169

FY2018

Based on the proposed final and special dividends of \$0.01 per share for 308,430,594 shares, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

FY2017

Based on the final and special dividends of \$0.02 per share for 308,430,594 shares.

18. Use of proceeds as at 31 December 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.



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	84	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	51	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	63	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	54	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	63	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	41	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	61	Nephew of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; 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	79	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
27 February 2019