



**Second Quarter and  
Half Year Financial  
Statement for the Period  
Ended 30 June 2017**

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**31 July 2017**

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**Second Quarter and Half Year Financial Statement for the Period Ended 30 June 2017**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1(a) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year**

|   | The Group                    |              |                         | The Group               |              |                         |
|---|------------------------------|--------------|-------------------------|-------------------------|--------------|-------------------------|
|   | Second Quarter ended 30 June |              | Increase/<br>(Decrease) | Half Year ended 30 June |              | Increase/<br>(Decrease) |
|   | 2017                         | 2016         |                         | 2017                    | 2016         |                         |
|   | \$'000                       | \$'000       | %                       | \$'000                  | \$'000       | %                       |
| <b>Revenue</b>  | 34,407                       | 24,034       | 43.2                    | 64,108                  | 48,588       | 31.9                    |
| Cost of works   | (26,380)                     | (19,924)     | 32.4                    | (50,138)                | (41,517)     | 20.8                    |
| <b>Gross profit</b>   | <b>8,027</b>                 | <b>4,110</b> | 95.3                    | <b>13,970</b>           | <b>7,071</b> | 97.6                    |
| Other income  | 285                          | 835          | (65.9)                  | 460                     | 1,881        | (75.5)                  |
| Expenses  |                              |              |                         |                         |              |                         |
| - Administrative  | (2,854)                      | (2,120)      | 34.6                    | (5,391)                 | (4,330)      | 24.5                    |
| - Finance   | (18)                         | (16)         | 12.5                    | (38)                    | (32)         | 18.8                    |
| Share of results of associated companies and joint ventures | 361                          | 181          | 99.4                    | 2,320                   | 268          | 765.7                   |
| <b>Profit before income tax</b>                             | <b>5,801</b>                 | <b>2,990</b> | 94.0                    | <b>11,321</b>           | <b>4,858</b> | 133.0                   |
| Income tax expense  | (849)                        | (501)        | 69.5                    | (1,316)                 | (516)        | 155.0                   |
| <b>Net profit</b>   | <b>4,952</b>                 | <b>2,489</b> | 99.0                    | <b>10,005</b>           | <b>4,342</b> | 130.4                   |
| Gross profit margin   | 23.3%                        | 17.1%        |                         | 21.8%                   | 14.6%        |                         |
| Net profit margin   | 14.4%                        | 10.4%        |                         | 15.6%                   | 8.9%         |                         |
| Effective tax rate  | 14.6%                        | 16.8%        |                         | 11.6%                   | 10.6%        |                         |
| Net profit attributable to:                                 |                              |              |                         |                         |              |                         |
| Equity holders of the Company                               | 4,952                        | 2,489        | 99.0                    | 10,005                  | 4,342        | 130.4                   |



1(a)(i) Consolidated Statement of comprehensive income for the second quarter and half-year ended 30 June 2017

| Note   | The Group                    |              |                         | The Group               |              |                         |
|--|------------------------------|--------------|-------------------------|-------------------------|--------------|-------------------------|
|  | Second Quarter ended 30 June |              | Increase/<br>(Decrease) | Half Year ended 30 June |              | Increase/<br>(Decrease) |
|  | 2017                         | 2016         |                         | 2017                    | 2016         |                         |
|  | \$'000                       | \$'000       | %                       | \$'000                  | \$'000       | %                       |
| <b>Net profit</b>                                  | 4,952                        | 2,489        | 99.0                    | 10,005                  | 4,342        | 130.4                   |
| Other comprehensive income:                        |                              |              |                         |                         |              |                         |
| Financial assets, available-for-sale               |                              |              |                         |                         |              |                         |
| - Fair value gains, net of tax                     | 12                           | 25           | (52.0)                  | 5                       | 23           | (78.3)                  |
| <b>Total comprehensive income, net of tax</b>      | <b>4,964</b>                 | <b>2,514</b> | 97.5                    | <b>10,010</b>           | <b>4,365</b> | 129.3                   |
| <b>Total comprehensive income attributable to:</b> |                              |              |                         |                         |              |                         |
| Equity holders of the Company                      | 4,964                        | 2,514        | 97.5                    | 10,010                  | 4,365        | 129.3                   |
|  |                              |              |                         |                         |              |                         |

Note:

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



(i) Additional disclosures

Profit before income tax was arrived at:

|  | The Group                       |        |                         | The Group                  |        |                         |
|--|---------------------------------|--------|-------------------------|----------------------------|--------|-------------------------|
|  | Second Quarter ended<br>30 June |        | Increase/<br>(Decrease) | Half Year ended<br>30 June |        | Increase/<br>(Decrease) |
|  | 2017                            | 2016   |                         | 2017                       | 2016   |                         |
|  | \$'000                          | \$'000 | %                       | \$'000                     | \$'000 | %                       |
| <u>After charging:-</u>                                  |                                 |        |                         |                            |        |                         |
| Non-audit fee paid to the auditors of the Company        | 6                               | 8      | (25.0)                  | 13                         | 17     | (23.5)                  |
| Amortisation of intangible assets                        | 1                               | 3      | (66.7)                  | 2                          | 6      | (66.7)                  |
| Depreciation of property, plant and equipment            | 120                             | 159    | (24.5)                  | 224                        | 318    | (29.6)                  |
| Non-trade receivables written off                        | 27                              | 2      | 1,250.0                 | 27                         | 2      | 1,250.0                 |
| Directors' remuneration                                  |                                 |        |                         |                            |        |                         |
| - Directors of the Company                               | 1,415                           | 839    | 68.7                    | 2,455                      | 1,593  | 54.1                    |
| - Other directors  | 109                             | 104    | 4.8                     | 216                        | 214    | 0.9                     |
| Directors' fee   | 45                              | 45     | -                       | 90                         | 90     | -                       |
| Interest paid and payable - Finance lease liabilities    | 18                              | 16     | 12.5                    | 38                         | 32     | 18.8                    |
| Employees compensation cost                              | 667                             | 637    | 4.7                     | 1,454                      | 1,419  | 2.5                     |
| <u>Included in the cost of works are the following:-</u> |                                 |        |                         |                            |        |                         |
| Depreciation of property, plant and equipment            | 572                             | 527    | 8.5                     | 1,112                      | 1,018  | 9.2                     |
| Amortisation of intangible assets                        | 1                               | 16     | (93.8)                  | 2                          | 32     | (93.8)                  |
| Employees compensation cost                              | 6,743                           | 6,409  | 5.2                     | 13,401                     | 12,493 | 7.3                     |



| Note   | The Group                       |        |                         | The Group                  |        |                         |
|--|---------------------------------|--------|-------------------------|----------------------------|--------|-------------------------|
|  | Second Quarter ended<br>30 June |        | Increase/<br>(Decrease) | Half Year ended<br>30 June |        | Increase/<br>(Decrease) |
|  | 2017                            | 2016   |                         | 2017                       | 2016   |                         |
|  | \$'000                          | \$'000 | %                       | \$'000                     | \$'000 | %                       |
| <u>After crediting:-</u>   |                                 |        |                         |                            |        |                         |
| Interest income  | 174                             | 142    | 22.5                    | 342                        | 282    | 21.3                    |
| - Bank deposits  | 13                              | 13     | -                       | 26                         | 26     | -                       |
| - Financial asset,<br>available-for-sale                             |                                 |        |                         |                            |        |                         |
| (Loss)/gain on disposal of<br>property, plant and<br>equipment (net) | -                               | 32     | n.m.                    | (19)                       | 36     | (152.8)                 |
| Rental income from<br>investment properties                          | 48                              | 47     | 2.1                     | 95                         | 95     | -                       |
| Technical management<br>consultancy fee                              | -                               | 585    | n.m.                    | -                          | 1,229  | n.m.                    |
| Government grant   | 40                              | 32     | 25.0                    | 99                         | 348    | (71.6)                  |
| Loss on foreign<br>exchange  | (23)                            | (33)   | (30.3)                  | (122)                      | (158)  | (22.8)                  |

Note:

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

n.m. - not meaningful.



(ii) Extraordinary/Exceptional items

Nil

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

| The Group    |              |
|--------------|--------------|
| 30 June 2017 | 30 June 2016 |
| \$'000       | \$'000       |

Tax expense attributable to profit is made up of:

- Profit from current financial period:

- Current income tax - Singapore
- Deferred income tax

|              |            |
|--------------|------------|
| 1,293        | 543        |
| 23           | (27)       |
| <u>1,316</u> | <u>516</u> |



**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

|   |   | The Group      |                | The Company   |               |
|---|---|----------------|----------------|---------------|---------------|
| Note  |   | 30 Jun 2017    | 31 Dec 2016    | 30 Jun 2017   | 31 Dec 2016   |
|   |   | \$'000         | \$'000         | \$'000        | \$'000        |
| <b>ASSETS</b>   |   |                |                |               |               |
| <b>Current assets</b>   |   |                |                |               |               |
|   | Cash and cash equivalents               | 79,835         | 74,685         | 3,205         | 3,771         |
| i   | Trade and other receivables             | 27,222         | 30,202         | 5,222         | 10,107        |
|   | Construction contract works-in-progress | 1,386          | 1,502          | -             | -             |
|   |   | 108,443        | 106,389        | 8,427         | 13,878        |
| <b>Non-current assets</b>   |   |                |                |               |               |
| ii  | Investments in subsidiary corporations  | -              | -              | 17,522        | 17,522        |
| iii   | Investments in joint ventures           | 7,431          | 5,604          | -             | -             |
| iv  | Investment in associated companies      | 1,417          | 973            | -             | -             |
| v   | Investment properties                   | 5,080          | 5,080          | -             | -             |
| vi  | Other receivables                       | 24,075         | 24,026         | 18,369        | 18,194        |
| vii   | Financial assets, available-for-sale    | 1,020          | 1,015          | -             | -             |
|   | Property, plant and equipment           | 19,393         | 19,417         | 5,331         | 5,211         |
| viii  | Intangible assets                       | 1,709          | 1,713          | 8             | 10            |
|   |   | 60,125         | 57,828         | 41,230        | 40,937        |
|   | <b>Total assets</b>                     | 168,568        | 164,217        | 49,657        | 54,815        |
| <b>LIABILITIES</b>  |   |                |                |               |               |
| <b>Current liabilities</b>  |   |                |                |               |               |
| ix  | Trade and other payables                | 42,918         | 43,740         | 7,567         | 8,413         |
|   | Finance lease liabilities               | 1,027          | 1,120          | -             | -             |
|   | Current income tax liabilities          | 2,300          | 1,953          | 33            | 19            |
|   |   | 46,245         | 46,813         | 7,600         | 8,432         |
| <b>Non-current liabilities</b>  |   |                |                |               |               |
|   | Finance lease liabilities               | 1,540          | 2,028          | -             | -             |
|   | Deferred income tax liabilities         | 976            | 953            | 4             | 5             |
|   |   | 2,516          | 2,981          | 4             | 5             |
|   | <b>Total liabilities</b>                | 48,761         | 49,794         | 7,604         | 8,437         |
|   | <b>NET ASSETS</b>                       | <b>119,807</b> | <b>114,423</b> | <b>42,053</b> | <b>46,378</b> |
| <b>EQUITY</b>   |   |                |                |               |               |
| <b>Capital and reserves attributable to equity holders of the Company</b> |   |                |                |               |               |
|   | Share capital                           | 36,832         | 36,832         | 36,832        | 36,832        |
| x   | Other reserves                          | 1,378          | 1,373          | -             | -             |
|   | Retained profits                        | 81,597         | 76,218         | 5,221         | 9,546         |
|   | <b>Total equity</b>                     | <b>119,807</b> | <b>114,423</b> | <b>42,053</b> | <b>46,378</b> |
|   | <b>Net tangible assets</b>              | <b>118,098</b> | <b>112,710</b> | <b>42,045</b> | <b>46,368</b> |





**Notes to Statements of Financial Position:**

(i) Trade and other receivables

|   | The Group     |               | The Company  |               |
|---|---------------|---------------|--------------|---------------|
|   | 30 Jun 2017   | 31 Dec 2016   | 30 Jun 2017  | 31 Dec 2016   |
|   | \$'000        | \$'000        | \$'000       | \$'000        |
| Trade receivables                             |               |               |              |               |
| - Non-related parties                         | 3,112         | 9,135         | -            | -             |
| - Subsidiary corporations                     | -             | -             | 5,161        | 10,036        |
|   | 3,112         | 9,135         | 5,161        | 10,036        |
| Construction contracts                        |               |               |              |               |
| - Due from customers                          | 19,652        | 16,592        | -            | -             |
| - Retentions                                  | 2,154         | 2,135         | -            | -             |
|   | 21,806        | 18,727        | -            | -             |
| Non-trade receivables                         |               |               |              |               |
| - Subsidiary corporations                     | -             | -             | 726          | 729           |
| - Joint venture partner                       | 3             | 6             | -            | -             |
| - Non-related parties                         | 82            | 105           | 4            | 4             |
|   | 85            | 111           | 730          | 733           |
| Less: Allowance for impairment of receivables | -             | -             | (688)        | (688)         |
| Non-trade receivables - net                   | 85            | 111           | 42           | 45            |
| Advance to sub-contractors                    | 272           | 386           | -            | -             |
| Deposits                                      | 756           | 956           | 7            | 7             |
| Prepayments                                   | 1,191         | 887           | 12           | 19            |
|   | <u>27,222</u> | <u>30,202</u> | <u>5,222</u> | <u>10,107</u> |

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



(ii) Investments in subsidiary corporations

| The Company |             |
|-------------|-------------|
| 30 Jun 2017 | 31 Dec 2016 |
| \$'000      | \$'000      |

Equity investments at cost

17,522

17,522

| Name of subsidiary corporations | Principal activities | Country of incorporation | Equity holding |             |
|---------------------------------|----------------------|--------------------------|----------------|-------------|
|                                 |                      |                          | 30 Jun 2017    | 31 Dec 2016 |

Held by the Company

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

(@) Audited by Nexia TS Public Accounting Corporation.

(\*) Dormant company.

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



(iii) Investments in joint ventures

| The Group   |             |
|-------------|-------------|
| 30 Jun 2017 | 31 Dec 2016 |
| \$'000      | \$'000      |

**Interests in joint ventures**

|                                    |       |       |
|------------------------------------|-------|-------|
| Beginning of financial period/year | 5,604 | 2,988 |
| Share of profit of joint ventures  | 1,876 | 2,707 |
| Notional fair value of loan (net)  | (49)  | (91)  |
| End of financial period/year       | 7,431 | 5,604 |

Details of the joint ventures are as follows:

| Name of joint ventures | Principal activities | Country of incorporation | Equity holding |             |
|------------------------|----------------------|--------------------------|----------------|-------------|
|                        |                      |                          | 30 Jun 2017    | 31 Dec 2016 |

Held by subsidiary corporations

Incorporated joint ventures

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

Unincorporated joint venture

|   |                                  |           |     |     |
|---|----------------------------------|-----------|-----|-----|
| Chye Joo – Or Kim Peow JV <sup>(*)(4)</sup> | Business of general construction | Singapore | 50% | 50% |
|---|----------------------------------|-----------|-----|-----|

(@) Audited by Heng Lee Seng LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

(^) Audited by Ernst & Young LLP.

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

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 30 June 2017. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2016: \$50,000) in CS-OKP.

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



- (3) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.
- (4) On 4 May 2015, a joint venture partnership, Chye Joo - Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

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

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

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

| The Group                 |             |             |
|---------------------------|-------------|-------------|
|                           | 30 Jun 2017 | 31 Dec 2016 |
|                           | \$'000      | \$'000      |
| Assets                    |             |             |
| - Current assets          | 135,800     | 293,295     |
| Liabilities               |             |             |
| - Current liabilities     | (9,253)     | (188,759)   |
| - Non-current liabilities | (71,338)    | (67,144)    |
| Net assets                | 55,209      | 37,392      |
| Revenue                   | 271,817     | 344,337     |
| Expenses                  | (250,294)   | (311,727)   |
| Profit before income tax  | 21,523      | 32,610      |
| Income tax expense        | (3,707)     | (5,789)     |
| Net profit                | 17,816      | 26,821      |

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



(iv) Investments in associated companies

| The Group   |             |
|-------------|-------------|
| 30 Jun 2017 | 31 Dec 2016 |
| \$'000      | \$'000      |

**Interests in associated companies**

|   |              |            |
|---|--------------|------------|
| Beginning of financial period/year      | 973          | 651        |
| Share of profit of associated companies | 444          | 322        |
| End of financial period/year            | <u>1,417</u> | <u>973</u> |

| Name of associated companies | Principal activities | Country of incorporation | Equity holding |             |
|------------------------------|----------------------|--------------------------|----------------|-------------|
|                              |                      |                          | 30 Jun 2017    | 31 Dec 2016 |

Held by subsidiary corporations

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

(@) Audited by PricewaterhouseCoopers LLP.

(#) Audited by Nexia TS Public Accounting Corporation.

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

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

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

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



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

| The Group                 |             |             |
|---------------------------|-------------|-------------|
|                           | 30 Jun 2017 | 31 Dec 2016 |
|                           | \$'000      | \$'000      |
| Assets                    |             |             |
| - Current assets          | 289,234     | 284,362     |
| - Non-current assets      | -           | 638         |
| Liabilities               |             |             |
| - Current liabilities     | (23,405)    | (24,770)    |
| - Non-current liabilities | (275,748)   | (272,771)   |
| Net liabilities           | (9,919)     | (12,541)    |
| Revenue                   | 52,938      | 52,358      |
| Expenses                  | (50,164)    | (51,678)    |
| Profit before income tax  | 2,774       | 680         |
| Income tax expense        | (151)       | (79)        |
| Net profit                | 2,623       | 601         |

The Group has not recognised its share of profits of an associated company amounting to \$84,479 (30 June 2016: loss of \$11,158) because the Group's cumulative share of unrecognised losses with respect to that entity amount to \$445,699 (30 June 2016: \$472,276) at the balance sheet date.

(v) Investment properties

| The Group                                     |             |             |
|---|-------------|-------------|
|   | 30 Jun 2017 | 31 Dec 2016 |
|   | \$'000      | \$'000      |
| Beginning of financial period/year            | 5,080       | 5,250       |
| Fair value loss recognised in profit and loss | -           | (170)       |
| End of financial period/year                  | 5,080       | 5,080       |

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



(vi) Other receivables (non-current)

|                                | The Group     |               | The Company   |               |
|--------------------------------|---------------|---------------|---------------|---------------|
|                                | 30 Jun 2017   | 31 Dec 2016   | 30 Jun 2017   | 31 Dec 2016   |
|                                | \$'000        | \$'000        | \$'000        | \$'000        |
| Loan to associated company     |               |               |               |               |
| - CS Amber Development Pte Ltd | 19,680        | 19,680        | -             | -             |
| Less: Allowance for impairment | (1,408)       | (1,408)       | -             | -             |
|                                | 18,272        | 18,272        | -             | -             |
| Loan to joint venture          |               |               |               |               |
| - Lakehomes Pte Ltd            | 5,803         | 5,754         | -             | -             |
| Loan to subsidiary corporation | -             | -             | 18,369        | 18,194        |
|                                | <u>24,075</u> | <u>24,026</u> | <u>18,369</u> | <u>18,194</u> |

The loan to associated company is unsecured, interest-free and will be repayable in full on 26 June 2018. The Group charged interest at 2.0% per annum above SIBOR with effect 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 joint venture and loan to subsidiary corporation are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.



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

| The Group   |             |       |
|---|-------------|-------|
| 30 Jun 2017   | 31 Dec 2016 |       |
| \$'000  | \$'000      |       |
| Beginning of financial period/year  | 1,015       | 990   |
| Fair value gains recognised in other comprehensive income                     | 5           | 25    |
| End of financial period/year  | 1,020       | 1,015 |
| Financial assets, available-for-sale are analysed as follows:                 |             |       |
| Listed debt securities  |             |       |
| - Bonds with fixed interest of 5.125% p.a. without fixed maturity - Singapore | 1,020       | 1,015 |

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





(viii) Intangible assets

| The Group   |             | The Company |             |
|-------------|-------------|-------------|-------------|
| 30 Jun 2017 | 31 Dec 2016 | 30 Jun 2017 | 31 Dec 2016 |
| \$'000      | \$'000      | \$'000      | \$'000      |

Composition:

|                                   |              |              |          |           |
|-----------------------------------|--------------|--------------|----------|-----------|
| Goodwill arising on consolidation | 1,688        | 1,688        | -        | -         |
| Computer software licences        | 21           | 25           | 8        | 10        |
|                                   | <u>1,709</u> | <u>1,713</u> | <u>8</u> | <u>10</u> |

(a) Goodwill arising on consolidation

*Cost/net book value*

|  |              |              |          |          |
|--|--------------|--------------|----------|----------|
| Beginning and end of financial period/year | <u>1,688</u> | <u>1,688</u> | <u>-</u> | <u>-</u> |
|--|--------------|--------------|----------|----------|

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 | 388        | 369        | 55        | 55        |
| Additions                          | -          | 19         | -         | -         |
| End of financial period/year       | <u>388</u> | <u>388</u> | <u>55</u> | <u>55</u> |

*Accumulated amortisation*

|                                    |            |            |           |           |
|------------------------------------|------------|------------|-----------|-----------|
| Beginning of financial period/year | 363        | 286        | 45        | 34        |
| Amortisation charge                | 4          | 77         | 2         | 11        |
| End of financial period/year       | <u>367</u> | <u>363</u> | <u>47</u> | <u>45</u> |
| Net book value                     | <u>21</u>  | <u>25</u>  | <u>8</u>  | <u>10</u> |

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



(ix) Trade and other payables

|                            | The Group     |               | The Company  |              |
|----------------------------|---------------|---------------|--------------|--------------|
|                            | 30 Jun 2017   | 31 Dec 2016   | 30 Jun 2017  | 31 Dec 2016  |
|                            | \$'000        | \$'000        | \$'000       | \$'000       |
| Trade payables             |               |               |              |              |
| - Non-related parties      | 28,787        | 25,849        | 119          | 141          |
| Non-trade payables         |               |               |              |              |
| - Subsidiary corporations  | -             | -             | 5,346        | 5,347        |
| - Joint venture partner    | 50            | 50            | -            | -            |
|                            | 50            | 50            | 5,346        | 5,347        |
| Construction contracts     |               |               |              |              |
| - Advance received         | 263           | 1,840         | -            | -            |
| Accrued operating expenses | 13,657        | 15,861        | 2,102        | 2,925        |
| Other payables             | 161           | 140           | -            | -            |
|                            | <u>42,918</u> | <u>43,740</u> | <u>7,567</u> | <u>8,413</u> |

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



(x) Other reserves

| The Group    |             |
|--------------|-------------|
| 30 June 2017 | 31 Dec 2016 |
| \$'000       | \$'000      |

(a) **Composition:**

|                           |              |              |
|---------------------------|--------------|--------------|
| Fair value reserve        | 6            | 1            |
| Asset revaluation reserve | 1,372        | 1,372        |
|                           | <u>1,378</u> | <u>1,373</u> |

(b) **Movements:**

***Fair value reserve***

|  |          |          |
|--|----------|----------|
| Beginning of financial period                              | 1        | (24)     |
| Financial assets – available-for-sale<br>-Fair value gains | 5        | 25       |
| End of financial period/year                               | <u>6</u> | <u>1</u> |

***Asset revaluation reserve***

|   |       |       |
|---|-------|-------|
| Beginning and end of financial<br>period/year | 1,372 | 1,372 |
|---|-------|-------|

Other reserves are non-distributable.



## **Explanatory Notes:**

### (i) Current assets

Current assets increased by \$2.0 million, from \$106.4 million as at 31 December 2016 to \$108.4 million as at 30 June 2017. The increase was attributable to:

- (a) an increase in cash and cash equivalents of \$5.1 million. This was due mainly to the cash generated from operations for the half year ended 30 June 2017 of \$11.6 million, which was partially offset by cash used in investing activities of \$1.3 million, cash used in payment of dividends to shareholders of \$4.6 million, and repayment of finance lease liabilities and servicing of interest payments of \$0.6 million,

which was partially offset by:

- (b) a decrease in construction contract work-in-progress of \$0.1 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 30 June 2017 as compared to 31 December 2016; and
- (c) a decrease in trade and other receivables of \$3.0 million due to settlement of billings by customers as at 30 June 2017.

### (ii) Non-current assets

Non-current assets increased by \$2.3 million, from \$57.8 million as at 31 December 2016 to \$60.1 million as at 30 June 2017. The increase was attributable to:

- (a) an increase in investments in joint ventures of \$1.8 million due mainly to the share of profit from Lakehomes Pte. Ltd., the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover;
- (b) an increase in investments in associated companies of \$0.4 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd; and
- (c) an increase in other receivables of \$49,000 arising from a notional fair value adjustment of loan extended to a joint venture, Lakehomes Pte Ltd,

during the half year ended 30 June 2017.

### (iii) Current liabilities

Current liabilities decreased by \$0.6 million, from \$46.8 million as at 31 December 2016 to \$46.2 million as at 30 June 2017. The decrease was due mainly to:

- (a) a decrease in trade and other payables of \$0.8 million due mainly to lower accrued operating expenses related to project costs; and
- (b) a decrease in finance lease liabilities of \$0.1 million as a result of repayment of finance lease liabilities,

which were partially offset by:

- (c) an increase in current income tax liabilities of \$0.3 million due to higher tax provision resulting from higher profits generated during the half year ended 30 June 2017.

### (iv) Non-current liabilities

Non-current liabilities decreased by \$0.5 million, from \$3.0 million as at 31 December 2016 to \$2.5 million as at 30 June 2017. The decrease was due mainly to a decrease in finance lease liabilities as a result of repayment of finance lease liabilities during the half year ended 30 June 2017.



(iv) Shareholders' equity

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by \$5.4 million, from \$114.4 million as at 31 December 2016 to \$119.8 million as at 30 June 2017. The increase was largely attributable to:

- (a) the profit generated from operations of \$10.0 million for the half year ended 30 June 2017,

which was partially offset by:

- (b) the dividend payment to shareholders of \$4.6 million during the half year ended 30 June 2017.

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

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

| As at 30 Jun 2017 |           | As at 31 Dec 2016 |           |
|-------------------|-----------|-------------------|-----------|
| \$'000            | \$'000    | \$'000            | \$'000    |
| Secured           | Unsecured | Secured           | Unsecured |
| 1,027             | -         | 1,120             | -         |

- (b) Amount repayable after one year

| As at 30 Jun 2017 |           | As at 31 Dec 2016 |           |
|-------------------|-----------|-------------------|-----------|
| \$'000            | \$'000    | \$'000            | \$'000    |
| Secured           | Unsecured | Secured           | Unsecured |
| 1,540             | -         | 2,028             | -         |

- (c) Details of any collateral

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



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

Consolidated statements of cash flows

|  | The Group                    |               | The Group               |               |
|--|------------------------------|---------------|-------------------------|---------------|
|  | Second Quarter ended 30 June |               | Half year ended 30 June |               |
|  | 2017                         | 2016          | 2017                    | 2016          |
|  | \$'000                       | \$'000        | \$'000                  | \$'000        |
| <b>Cash flows from operating activities</b>                            |                              |               |                         |               |
| Net profit   | 4,952                        | 2,489         | 10,005                  | 4,342         |
| Adjustments for:   |                              |               |                         |               |
| - Income tax expense   | 849                          | 501           | 1,316                   | 516           |
| - Depreciation of property, plant and equipment                        | 692                          | 686           | 1,336                   | 1,336         |
| - Amortisation of intangible assets                                    | 2                            | 19            | 4                       | 38            |
| - Gain on disposal of property, plant and equipment                    | -                            | (32)          | 19                      | (36)          |
| - Share of profit of investments accounted for using the equity method | (361)                        | (181)         | (2,320)                 | (268)         |
| - Interest income  | (187)                        | (155)         | (368)                   | (308)         |
| - Interest expense   | 18                           | 16            | 38                      | 32            |
| <b>Operating cash flow before working capital changes</b>              | <b>5,965</b>                 | <b>3,343</b>  | <b>10,030</b>           | <b>5,652</b>  |
| Change in working capital  |                              |               |                         |               |
| - Trade and other receivables  | (6,412)                      | 7,209         | 2,980                   | 5,089         |
| - Construction contract work-in-progress                               | 64                           | 2,477         | 116                     | 3,022         |
| - Trade and other payables   | (1,529)                      | 226           | (822)                   | 4,134         |
| <b>Cash generated from operations</b>                                  | <b>(1,912)</b>               | <b>13,255</b> | <b>12,304</b>           | <b>17,897</b> |
| - Interest received  | 174                          | 142           | 342                     | 282           |
| - Income tax paid  | (947)                        | (202)         | (947)                   | (254)         |
| <b>Net cash (used in)/generated from operating activities</b>          | <b>(2,685)</b>               | <b>13,195</b> | <b>11,699</b>           | <b>17,925</b> |
| <b>Cash flows from investing activities</b>                            |                              |               |                         |               |
| - Additions to property, plant and equipment                           | (478)                        | (423)         | (1,341)                 | (526)         |
| - Additions to intangible assets                                       | -                            | (19)          | -                       | (19)          |
| - Disposal of property, plant and equipment                            | -                            | 46            | 9                       | 68            |
| - Advance to a joint venture   | -                            | (110)         | -                       | (160)         |
| - Interest received  | 13                           | 13            | 26                      | 26            |
| <b>Net cash used in investing activities</b>                           | <b>(465)</b>                 | <b>(493)</b>  | <b>(1,306)</b>          | <b>(611)</b>  |



Consolidated statements of cash flows (Cont'd)

|   | The Group                    |                | The Group               |                |
|---|------------------------------|----------------|-------------------------|----------------|
|   | Second Quarter ended 30 June |                | Half year ended 30 June |                |
|   | 2017                         | 2016           | 2017                    | 2016           |
|   | \$'000                       | \$'000         | \$'000                  | \$'000         |
| <b>Cash flows from financing activities</b>                         |                              |                |                         |                |
| - Repayment of finance lease liabilities                            | (282)                        | (216)          | (580)                   | (614)          |
| - Interest paid   | (18)                         | (16)           | (38)                    | (32)           |
| - Dividend paid to shareholders                                     | (4,626)                      | (3,084)        | (4,626)                 | (3,084)        |
| - Bank deposits pledged   | 1                            | 5              | 17                      | 671            |
| <b>Net cash used in financing activities</b>                        | <b>(4,925)</b>               | <b>(3,311)</b> | <b>(5,227)</b>          | <b>(3,059)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>         | <b>(8,075)</b>               | <b>9,391</b>   | <b>5,166</b>            | <b>14,255</b>  |
| Cash and cash equivalents at the beginning of the financial period  | 83,353                       | 54,372         | 70,112                  | 49,508         |
| <b>Cash and cash equivalents at the end of the financial period</b> | <b>75,278</b>                | <b>63,763</b>  | <b>75,278</b>           | <b>63,763</b>  |

**Explanatory Notes:**

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

|  | The Group   |             |
|--|-------------|-------------|
|  | 30 Jun 2017 | 30 Jun 2016 |
|  | \$'000      | \$'000      |
| Cash at bank and on hand   | 16,104      | 23,394      |
| Short-term bank deposits   | 63,731      | 44,879      |
|  | 79,835      | 68,273      |
| Short-term bank deposits pledged to banks                          | (4,557)     | (4,510)     |
| Cash and cash equivalents per consolidated statement of cash flows | 75,278      | 63,763      |

Bank deposits of \$4,556,628 (30 June 2016: \$4,509,876) are pledged to banks for banking facilities of certain subsidiary corporations.



(ii) **Review of cash flows for the six months ended 30 June 2017**

**Net cash generated from operating activities**

Our Group reported net cash generated from operating activities of \$11.7 million in the six months ended 30 June 2017, a decrease of \$6.2 million from net cash generated from operating activities of \$17.9 million in the six months ended 30 June 2016. The \$6.2 million decrease in net cash generated from operating activities was due mainly to:

- (a) an increase in income tax paid of \$0.7 million; and
- (b) a decrease in net working capital inflow of \$10.0 million,

which were partially offset by:

- (c) an increase in cash generated from operating activities before working capital changes of \$4.4 million; and
- (d) an increase in interest received of \$0.1 million,

during the six months ended 30 June 2017.

**Net cash used in investing activities**

Net cash used in investing activities of \$1.3 million was due to the purchase of new property, plant and equipment during the six months ended 30 June 2017.

**Net cash used in financing activities**

Net cash of \$5.2 million was used in financing activities in the six months ended 30 June 2017. The major outflows for the six months ended 30 June 2017 related to (1) dividend payments to shareholders of \$4.6 million, (2) repayment of finance lease liabilities of \$0.6 million, and (3) interest payments of \$38,000 during the six months ended 30 June 2017.

Overall, free cash and cash equivalents stood at \$75.3 million as at 30 June 2017, an increase of \$11.5 million, from \$63.8 million as at 30 June 2016. This works out to cash of 24.4 cents per share as at 30 June 2017 as compared to 20.7 cents per share as at 30 June 2016 (based on 308,430,594 issued shares as at 30 June 2017 and 30 June 2016).





(iii) **Review of cash flows for second quarter ended 30 June 2017**

Net cash generated from operating activities

Our Group's net cash used in operating activities for the second quarter ended 30 June 2017 was \$2.7 million as compared with net cash provided by operating activities of \$13.2 million for the second quarter ended 30 June 2016. The \$15.9 million increase in net cash used in operating activities was due to:

- (a) an increase in net working capital outflow of \$17.8 million; and
- (b) an increase in income tax paid of \$0.7 million,

which were partially offset by:

- (c) an increase in cash generated from operating activities before working capital changes of \$2.6 million during the second quarter ended 30 June 2017.

Net cash used in investing activities

Net cash used in investing activities remained at \$0.5 million for the second quarter ended 30 June 2017 and 2016. The major outflow for both quarters related to the purchase of new property, plant and equipment, which was partially offset by interest received from financial assets.

Net cash used in financing activities

The net cash used in financing activities was \$4.9 million for the second quarter ended 30 June 2017, compared with \$3.3 million for the second quarter ended 30 June 2016. The major outflow for the second quarter ended 30 June 2017 related to dividends of \$4.6 million paid to shareholders, as compared with dividends of \$3.1 million paid to shareholders in the second quarter ended 30 June 2016.



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

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

The Group

|   |        |     |       |         |         |
|---|--------|-----|-------|---------|---------|
| <b>As at 1 Jan 2017</b>                   | 36,832 | 1   | 1,372 | 76,218  | 114,423 |
| Total comprehensive income for the period | -      | (7) | -     | 5,053   | 5,046   |
| <b>As at 31 Mar 2017</b>                  | 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) |
| <b>As at 30 June 2017</b>                 | 36,832 | 6   | 1,372 | 81,597  | 119,807 |



| 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

|   |        |      |       |         |         |
|---|--------|------|-------|---------|---------|
| <b>As at 1 Jan 2016</b>                   | 36,832 | (24) | 1,372 | 66,507  | 104,687 |
| Total comprehensive income for the period | -      | (2)  | -     | 1,853   | 1,851   |
| <b>As at 31 Mar 2016</b>                  | 36,832 | (26) | 1,372 | 68,360  | 106,538 |
| Total comprehensive income for the period | -      | 25   | -     | 2,489   | 2,514   |
| Dividend relating to FY2015               | -      | -    | -     | (3,084) | (3,084) |
| <b>As at 30 June 2016</b>                 | 36,832 | (1)  | 1,372 | 67,765  | 105,968 |



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

The Company

|   |        |         |         |
|---|--------|---------|---------|
| <b>As at 1 Jan 2017</b>                   | 36,832 | 9,546   | 46,378  |
| Total comprehensive income for the period | -      | 134     | 134     |
| <b>As at 31 Mar 2017</b>                  | 36,832 | 9,680   | 46,512  |
| Total comprehensive income for the period | -      | 167     | 167     |
| Dividend relating to FY2016               | -      | (4,626) | (4,626) |
| <b>As at 30 June 2017</b>                 | 36,832 | 5,221   | 42,053  |



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

The Company

|   |        |         |         |
|---|--------|---------|---------|
| <b>As at 1 Jan 2016</b>                   | 36,832 | 6,997   | 43,829  |
| Total comprehensive income for the period | -      | 522     | 522     |
| <b>As at 31 Mar 2016</b>                  | 36,832 | 7,519   | 44,351  |
| Total comprehensive income for the period | -      | 1,643   | 1,643   |
| Dividend relating to FY2015               | -      | (3,084) | (3,084) |
| <b>As at 30 June 2016</b>                 | 36,832 | 6,078   | 42,910  |



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

There have been no changes in the issued share capital of the Company since 31 March 2017.

Under the Share Buy Back Mandate which was approved by the Shareholders on 24 April 2017, no shares were bought back by the Company during the second quarter ended 30 June 2017.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2017 and 30 June 2016.

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

|  | 30 Jun 2017 | 31 Dec 2016 |
|--|-------------|-------------|
| Total number of issued shares<br>(excluding treasury shares) | 308,430,594 | 308,430,594 |

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

Not applicable

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

The figures have not been audited or reviewed.

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2016.



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

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods and which the Group has not early adopted.

Effective for annual periods beginning on and or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112 Disclosure of Interest in Other Entities

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

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

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

- FRS 116 Leases

Effective date to be determined\*

- Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group anticipates that the adoption of the above FRSs and amendments to FRS will not result in any substantial change to the Group's accounting policies or any material impact on the financial statements of the Group for the current period.

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



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

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

|   | The Group                   |             |                          | The Group              |             |                          |
|---|-----------------------------|-------------|--------------------------|------------------------|-------------|--------------------------|
|   | Second Quarter ended 30 Jun |             | Increase /<br>(Decrease) | Half Year ended 30 Jun |             | Increase /<br>(Decrease) |
|   | 2017                        | 2016        |                          | 2017                   | 2016        |                          |
|   | \$'000                      | \$'000      | %                        | \$'000                 | \$'000      | %                        |
| Net profit attributable to equity holders of the Company (\$'000) | 4,952                       | 2,489       | 99.0                     | 10,005                 | 4,342       | 130.4                    |
| 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 per share)                        | 1.61                        | 0.81        | 98.8                     | 3.24                   | 1.41        | 129.8                    |
| Diluted earnings per share (cents per share)                      | 1.61                        | 0.81        | 98.8                     | 3.24                   | 1.41        | 129.8                    |

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the  
(a) current period reported on and  
(b) immediately preceding financial year**

|                              | The Group            |                      | The Company          |                      | Increase /<br>(Decrease)<br>% |                |
|------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|----------------|
|                              | As at<br>30 Jun 2017 | As at<br>31 Dec 2016 | As at<br>30 Jun 2017 | As at<br>31 Dec 2016 | The<br>Group                  | The<br>Company |
| Net tangible assets (\$'000) | 118,098              | 112,710              | 42,045               | 46,368               | 4.8                           | (9.3)          |
| Number of shares             | 308,430,594          | 308,430,594          | 308,430,594          | 308,430,594          | -                             | -              |
| NTA per share (cents)        | 38.29                | 36.54                | 13.63                | 15.03                | 4.8                           | (9.3)          |





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. It specialises in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have two core business segments: Construction and Maintenance.

### Income Statement Review (Half Year ended 30 June 2017 vs Half Year ended 30 June 2016)

|                      | The Group                           |               |                                      |               |                       |       |
|----------------------|-------------------------------------|---------------|--------------------------------------|---------------|-----------------------|-------|
|                      | Current half year ended 30 Jun 2017 |               | Previous half year ended 30 Jun 2016 |               | Increase / (Decrease) |       |
|                      | \$'000                              |               | \$'000                               |               | \$'000                | %     |
| Construction         | 43,022                              | 67.1%         | 41,113                               | 84.6%         | 1,909                 | 4.6   |
| Maintenance          | 21,086                              | 32.9%         | 7,475                                | 15.4%         | 13,611                | 182.1 |
| <b>Total Revenue</b> | <b>64,108</b>                       | <b>100.0%</b> | <b>48,588</b>                        | <b>100.0%</b> | 15,520                | 31.9  |

### Revenue

Our Group reported a 31.9% or \$15.5 million increase in revenue to \$64.1 million in the half year ended 30 June 2017 as compared to \$48.6 million in the half year ended 30 June 2016. The increase was due mainly to a 182.1% increase in revenue from the maintenance segment to \$21.1 million, coupled with a 4.6% increase in revenue from the construction segment to \$43.0 million.

The strong growth in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a few major maintenance projects which were in full swing in the half year ended 30 June 2017.

The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in the half year ended 30 June 2017.



The construction segment continues to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 67.1% (2016: 84.6%) and 32.9% (2016: 15.4%) of our Group's revenue respectively for the half year ended 30 June 2017.

#### Cost of works

Our cost of works increased by 20.8% or \$8.6 million from \$41.5 million for the half year ended 30 June 2016 to \$50.1 million for the half year ended 30 June 2017. The increase in cost of works was due mainly to:

- (a) an increase in labour costs due to salary adjustments during the second quarter ended 30 June 2017;
- (b) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during the half year ended 30 June 2017;
- (c) an increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually subcontracted to external parties, during the half year ended 30 June 2017; and
- (d) an increase in preliminary costs and overheads such as professional fees, depreciation of property, plant and machinery, hiring costs and transportation costs during the half year ended 30 June 2017. The professional fees related to the engagement of consultants to design the construction methods of our on-going projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects during the half year ended 30 June 2017.

#### Gross profit and gross profit margin

Consequently, our gross profit for the half year ended 30 June 2017 increased by 97.6% or \$6.9 million from \$7.1 million for the half year ended 30 June 2016 to \$14.0 million for the half year ended 30 June 2017.

Our gross profit margin improved from 14.6% for the half year ended 30 June 2016 to 21.8% for the half year ended 30 June 2017.

The higher gross profit and gross profit margin for the half year ended 30 June 2017 as compared to the half year ended 30 June 2016 were largely attributable to cost efficiencies in certain construction projects which resulted in higher gross profit margins.

#### Other income

Other income decreased by \$1.4 million or 75.5% from \$1.9 million for the half year ended 30 June 2016 to \$0.5 million for the half year ended 30 June 2017. The decrease was largely attributable to:

- (a) a technical management consultancy fee of \$1.2 million received in relation to a piling project in Jakarta, Indonesia during the half year ended 30 June 2016, which did not recur in the half year ended 30 June 2017; and
- (b) a decrease in government grants of \$0.2 million received which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme).



### Administrative expenses

Administrative expenses increased by \$1.1 million or 24.5% from \$4.3 million for the half year ended 30 June 2016 to \$5.4 million for the half year ended 30 June 2017. The increase was largely attributable to (1) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group, and (2) an increase in tender charges due to tenders for more complex projects for the half year ended 30 June 2017.

### Finance expenses

Finance expenses remained relatively constant at \$38,000 and \$32,000 in the half year ended 30 June 2017 and 2016 respectively.

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

|   | The Group                      |                                |
|---|--------------------------------|--------------------------------|
|   | Half year ended<br>30 Jun 2017 | Half year ended<br>30 Jun 2016 |
|   | \$'000                         | \$'000                         |
| Share of profit of joint ventures <sup>(a)</sup>          | 1,876                          | 46                             |
| Share of profit of associated<br>companies <sup>(b)</sup> | 444                            | 222                            |
|   | <hr/> 2,320                    | <hr/> 268                      |

(a) Share of profit of joint ventures

The share of profit of joint ventures increased by \$1.8 million due mainly to:

- (i) the recognition of profit of \$1.8 million from Lakehomes Pte. Ltd., the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which were ready for handover during the half year ended 30 June 2017; and
- (ii) the recognition of profit of \$71,000 for a construction project undertaken by Chye Joo – Or Kim Peow JV during the half year ended 30 June 2017.

(b) Share of profit of associated companies

The \$0.2 million increase in the share of profit of associated companies in the half year ended 30 June 2017 was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project during the half year ended 30 June 2017.



### Profit before income tax

Profit before income tax increased by \$6.5 million or 133.0% from \$4.9 million for the half year ended 30 June 2016 to \$11.3 million for the half year ended 30 June 2017. The increase was due mainly to (1) the increase in gross profit of \$6.9 million and (2) the increase in share of profit of associated companies and joint ventures of \$2.1 million, which were partially offset by (3) the increase in administrative expenses of \$1.1 million and (4) the decrease in other income of \$1.4 million, as explained above.

### Income tax expense

Income tax expense increased by \$0.8 million or 155.0% from \$0.5 million in the half year ended 30 June 2016 to \$1.3 million in the half year ended 30 June 2017 due mainly to higher profit before income tax, as explained above.

The effective tax rates for the half year ended 30 June 2017 and half year ended 30 June 2016 were 11.6% and 10.6% respectively.

The effective tax rate for the half year ended 30 June 2017 was lower than the statutory tax rate of 17.0% due mainly to (1) the profit before income tax of \$11.3 million which comprised share of profit of associated companies and joint ventures of \$2.3 million, which was already taxed at the associated company and joint venture levels, (2) statutory stepped income tax exemption and (3) a tax rebate of 20% on the corporate tax payable.

The effective tax rate for the half year ended 30 June 2016 was lower than the statutory tax rate of 17.0%, due mainly to (1) enhanced tax deductions under the Productivity and Innovation Credit Scheme, (2) statutory stepped income tax exemption and (3) a tax rebate of 50% on the corporate tax payable.

### Net profit

Overall, for the half year ended 30 June 2017, net profit increased by \$5.7 million or 130.4%, from \$4.3 million for the half year ended 30 June 2016 to \$10.0 million for the half year ended 30 June 2017, following the increase in profit before income tax of \$6.5 million which was partially offset by the increase in income tax expense of \$0.8 million, as explained above.

Our net profit margin increased from 8.9% for the half year ended 30 June 2016 to 15.6% for the half year ended 30 June 2017.



## Income Statement Review (Second Quarter ended 30 June 2017 vs Second Quarter ended 30 June 2016)

|                      | The Group                                |               |   |               |                       |       |
|----------------------|--|---------------|---|---------------|-----------------------|-------|
|                      | Current second quarter ended 30 Jun 2017 |               | Previous second quarter ended 30 Jun 2016 |               | Increase / (Decrease) |       |
|                      | \$'000                                   |               | \$'000                                    |               | \$'000                | %     |
| Construction         | 22,508                                   | 65.4%         | 20,395                                    | 84.9%         | 2,113                 | 10.4  |
| Maintenance          | 11,899                                   | 34.6%         | 3,639                                     | 15.1%         | 8,260                 | 227.0 |
| <b>Total Revenue</b> | <b>34,407</b>                            | <b>100.0%</b> | <b>24,034</b>                             | <b>100.0%</b> | 10,373                | 43.2  |

### Revenue

Our Group recorded an increase in revenue in the second quarter ended 30 June 2017 of \$10.4 million or 43.2%, to \$34.4 million as compared to \$24.0 million in the second quarter ended 30 June 2016.

The increase in revenue from both segments was due mainly to some of the projects progressing to a more active phase during the second quarter ended 30 June 2017.

### Cost of works

Our cost of works increased by 32.4% or \$6.5 million from \$19.9 million for the second quarter ended 30 June 2016 to \$26.4 million for the second quarter ended 30 June 2017. The increase in cost of works was due mainly to:

- (a) an increase in labour costs due to salary adjustments during the second quarter ended 30 June 2017;
- (b) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during the second quarter ended 30 June 2017;
- (c) an increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually subcontracted to external parties, during the second quarter ended 30 June 2017; and
- (d) an increase in preliminary costs and overheads such as professional fees, depreciation of property, plant and machinery, hiring costs and transportation costs during the second quarter ended 30 June 2017. The professional fees related to the engagement of consultants to design the construction methods of our on-going projects.



### Gross profit and gross profit margin

Our gross profit increased by \$3.9 million or 95.3% from \$4.1 million for the second quarter ended 30 June 2016 to \$8.0 million for the second quarter ended 30 June 2017.

Our gross profit margin improved from 17.1% for the second quarter ended 30 June 2016 to 23.3% for the second quarter ended 30 June 2017.

The higher gross profit margin for the second quarter ended 30 June 2017 as compared to the second quarter ended 30 June 2016 was largely attributable to a few construction projects which had commanded better gross profit margin during the second quarter ended 30 June 2017.

### Other income

Other income decreased by \$0.6 million or 65.9% from \$0.9 million for the second quarter ended 30 June 2016 to \$0.3 million for the second quarter ended 30 June 2017. The decrease was due mainly to a technical management consultancy fee received in relation to a piling project in Jakarta, Indonesia during the second quarter ended 30 June 2016, which did not recur in the second quarter ended 30 June 2017.

### Administrative expenses

Administrative expenses increased by \$0.7 million or 34.6% from \$2.1 million for the second quarter ended 30 June 2016 to \$2.8 million for the second quarter ended 30 June 2017. The increase was largely attributable to higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for the second quarter ended 30 June 2017.

### Finance expenses

Finance expenses remained relatively constant at \$18,000 and \$16,000 for the second quarter ended 30 June 2017 and 2016 respectively.

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

The \$0.2 million increase in the share of profits of investments in the second quarter ended 30 June 2017 was due mainly to some of the associated companies and joint ventures commencing the recognition of further profits from units of the development which were ready for handover and construction profits during the second quarter ended 30 June 2017.



### Profit before income tax

Profit before income tax increased by \$2.8 million or 94.0% from \$3.0 million in the second quarter ended 30 June 2016 to \$5.8 million in the second quarter ended 30 June 2017. The increase was due mainly to (1) the increase in gross profit of \$3.9 million and (2) the increase in share of results of associated companies and joint ventures of \$0.2 million, which were partially offset by (3) the decrease in other income of \$0.6 million and (4) the increase in administrative expenses of \$0.7 million, as explained above.

### Income tax expense

Income tax expense for the second quarter ended 30 June 2017 increased by \$0.3 million or 69.5% from \$0.5 million for the second quarter ended 30 June 2016 to \$0.8 million for the second quarter ended 30 June 2017.

The effective tax rates for the second quarter ended 30 June 2017 and second quarter ended 30 June 2016 were 14.6% and 16.8% respectively.

The effective tax rate for the second quarter ended 30 June 2017 was lower than the statutory tax rate of 17.0%, due mainly to (1) the profit before income tax of \$5.8 million which comprised share of profit of associated companies and joint ventures of \$0.4 million, which was already taxed at the associated company and joint venture levels, (2) statutory stepped income tax exemption and (3) a tax rebate of 20% on the corporate tax payable.

The effective tax rate for the second quarter ended 30 June 2016 was comparable to the statutory tax rate of 17%.

### Net profit

Overall, for the second quarter ended 30 June 2017, net profit increased by \$2.5 million or 99.0% to \$5.0 million as compared to \$2.5 million for the second quarter ended 30 June 2016, following the increase in profit before income tax of \$2.8 million, which was partially offset by the increase in income tax expense of \$0.3 million, as explained above.

Our net profit margin increased from 10.4% for the second quarter ended 30 June 2016 to 14.4% for the second quarter ended 30 June 2017.

## **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 second quarter ended 30 June 2017 from what was previously discussed under paragraph 10 of the Company's financial statements for the first quarter ended 31 March 2017.



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

Economic outlook

According to the Ministry of Trade and Industry (“MTI”) advance estimates, Singapore’s economy expanded by 2.5% on a year-on-year (“y-o-y”) basis in the second quarter of 2017, which is the same growth as the preceding quarter.

Industry outlook

The construction sector contracted by 5.6% in the second quarter on a y-o-y basis, following the 6.1% decline in the previous quarter. The sector was weighed down by a weakness in both private sector and public sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector grew by 4.3%, compared to the 14.4% contraction in the preceding quarter.

In January 2017, the Building and Construction Authority (BCA) projected the total value of construction contracts to be awarded this year to reach between \$28.0 billion and \$35.0 billion. This projection is higher than the preliminary estimate of \$26.1 billion that was previously forecasted.

Under the private residential property segment, Urban Redevelopment Authority’s (“URA”) 2Q 2017 flash estimates reflected a marginally lower 0.3% decline in private residential property prices as compared to the 0.4% decline in 1Q 2017.

Company outlook and order book update

The operating environment remains challenging as the sector continues to face keen competition.

As at 30 June 2017, the Group’s net construction order book amounted to \$299.0 million (30 June 2016: \$391.3 million), with projects extending till 2019.

On the property development and investment front, we have a 10% minority investment in CS Amber Development Pte. Ltd., the developer of our first residential property project - Amber Skye - and a subsidiary of CS Land Pte. Ltd.. Amber Skye obtained the Temporary Occupation Permit on 27 April 2017. As at today, more than 50% of the units had been sold and efforts in marketing the remaining units of the 109-unit freehold development will continue.

We also hold a 10% stake in Lakehomes Pte. Ltd. - a property development joint venture - which launched the LakeLife Executive Condominium (“EC”) located in Jurong. LakeLife EC obtained the Temporary Occupation Permit on 30 December 2016 and additional units had been handed over to buyers during the half year ended 30 June 2017.

Meanwhile, the Group is very saddened by the unfortunate and regrettable incident at the Pan-Island Expressway exit to Tampines Expressway on 14 July 2017. The Group is working closely with the authorities on the on-going investigations arising out of the incident. The Group will continue to provide all necessary assistance and support to ensure that the needs of the deceased’s family and the other affected workers are fully taken care of. The Group is currently assessing the damages and additional costs for this project. Moving forward, we will continue to deliver on existing projects.





**11. Dividend**

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

Any dividend declared for the current financial period reported on? No

**(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         | Interim             |
| Dividend Type             | Cash                |
| Dividend amount per share | \$0.005             |
|                           | One-tier tax exempt |

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared/recommended for the second quarter ended 30 June 2017.



**13. Interested person transactions disclosure**

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the second quarter ended 30 June 2017.

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

**14. Use of proceeds as at 30 June 2017**

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

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

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

The unutilised proceeds are deposited with a bank pending deployment.

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

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the second quarter and half year ended 30 June 2017 to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**

Or Toh Wat  
Group Managing Director  
31 July 2017