



**OKP HOLDINGS LIMITED**  
胡金標控股有限公司  
ANNUAL REPORT 2020

**EMBRACING CHANGE**  
**PREVAILING TO ACHIEVE**



# CONTENTS

## OUR THEME

1

## OUR STRATEGY

Overview of our vision and mission as well as strategy and future outlook moving forward

2

Our Vision and Mission

3

Our Strategy and Guiding Principles

4

Our Chairman's Statement

8

Our Group Managing Director's Review

12

Our Future Outlook

14

Five-Year Financial Highlights

## OUR BUSINESS

Information on what we do, where we operate and who leads us, key milestones and achievements from past years

18

Our Corporate Profile

20

Our Milestones

26

Our Awards and Accolades

29

Our Organisation Chart

30

Our Board of Directors

33

Our Key Management

34

Our Group Structure

35

Our Corporate Information

## OUR OPERATING AND FINANCIAL REVIEW

A management discussion and analysis on our operating and financial performance

38

Our Operating and Financial Review

52

Corporate Liquidity and Cash Resources

55

Value Added Statement

56

Our Property Portfolio

## GOVERNANCE AND SUSTAINABILITY

A look at our sustainability report, corporate governance, risk management and sustainability efforts

62

Sustainability Report

76

Our People

81

Corporate Social Responsibility

83

Safety and Environmental Awareness

89

Our Customers

91

Investor Relations

97

Corporate Governance Report

121

Audit Committee Report

123

Risk Assessment and Management

## FINANCIAL CONTENTS

# OUR THEME



For this year's annual report, we feature on the cover butterflies – in orange, blue and grey colours – fluttering across the page. The inside divider pages depict how a caterpillar undergoes a journey of transformation from an egg to a beautiful butterfly.

This overall imagery aptly describes OKP Holdings Limited's (OKP) theme for this year's annual report – Embracing change Prevailing to achieve.

It is symbolic of how the Group has been embracing changes amidst many challenges and prevailing against odds in order to achieve its business goals.

If one looks at the butterfly, one can see how it develops through a process called metamorphosis. This is a Greek word that means transformation or change in shape. The insect goes through four stages in its metamorphosis – egg, larva, chrysalis and adult butterfly.

Similarly, the Group has embraced changes and transformed itself since it began as a sole-proprietorship in 1966 to become what it is today. We are now a listed company, which is widely recognised as a specialist transport infrastructure and civil engineering company in Singapore.

The year 2020 has been a difficult and unprecedented year due to the spread of the Covid-19, which impacted Singapore and the whole world in many disruptive ways. These disruptions included national lockdowns, business shutdowns, restrictions of personal movement and threats to personal health and well-being.

In the construction industry where OKP operates, the coronavirus pandemic has led to a halt of work at the construction sites due to the surge in cases among the foreign workers' dormitories. Thus, it was a particularly challenging year for the Group, as it strives to overcome many obstacles to achieve its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

Having experienced many ups and downs in the business cycle, our company has not been exempted from the hardships faced during tough economic circumstances. But we have managed to prevail, overcome the stumbling blocks and maintain our position as a respected specialist in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. In recent years, we have also ventured into property developments and investments to diversify our revenue streams.

Through more than 50 years of business, we have steadily and steadfastly built on our skills to establish a strong foundations as a specialist in transport infrastructure and civil engineering projects. We reinforce our strengths such as our vast expertise, solid management team and capable staff. By focusing on and developing our core capabilities, we have overcome numerous difficult situations as well as flourish during prosperous times.

In many cultures, butterflies are symbolic of metamorphosis, change, renewal, hope, endurance and courage to embrace transformation to make life better.

As we face the year ahead, we hope that our company will also embrace transformation to make our lives better as we seek to achieve our mission to be the first and preferred civil engineering contractor for the various industries here and overseas.

We aim to further strengthen OKP by embracing change amidst challenges by devising sustainable strategies; prevailing over obstacles together by building a stronger team; and achieving growth and success in sync with our partners. Despite the global pandemic-induced uncertainties, we feel positive that our company will embrace change courageously and prevail to achieve our long-term business goals. Like the butterflies, we are confident that we will be able to flutter above the headwinds towards a brighter tomorrow.

## **OUR VISION**

**TO BE A LEADING TRANSPORT  
INFRASTRUCTURE AND CIVIL  
ENGINEERING COMPANY  
IN SINGAPORE, THE REGION  
AND BEYOND.**

## **OUR MISSION**

**TO BE THE FIRST AND PREFERRED  
CIVIL ENGINEERING CONTRACTOR  
FOR THE VARIOUS INDUSTRIES,  
HERE AND OVERSEAS.**

## **OUR STRATEGY**

### **STAYING FOCUSED ON CORE COMPETENCIES**

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Civil engineering projects will continue to feature prominently as this is our area of expertise where we have built up a distinctive track record over the years.

### **EXPLORING OVERSEAS OPPORTUNITIES**

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While keeping a firm grip on the local market, we will also continually look for opportunities to grow our business overseas.

### **DIVERSIFYING EARNINGS THROUGH PROPERTY DEVELOPMENTS AND INVESTMENTS**

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As part of our long-term strategy, we seek to diversify our earnings through our property developments and investments.

## **OUR GUIDING PRINCIPLES**

### **TO OUR CLIENTS**

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We are committed to providing them with a superior service that meets their time schedule, exceeds their expectations in quality, reliability and safety and that is within their budget.

### **TO OUR EMPLOYEES**

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We are committed to providing them with a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

### **TO OUR SUPPLIERS**

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We are committed to developing and strengthening relationships with them, recognising them as valued contributors and partners.

### **TO OUR SHAREHOLDERS**

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We are committed to maximising their return on investment while maintaining excellence in our products and services.

# OUR STRATEGY

## OUR CHAIRMAN'S STATEMENT



**THE COMPANY IS DETERMINED TO IMPLEMENT ITS STRATEGY, WHICH IS TO FOCUS ON ITS CORE CAPABILITIES, LOOKING AT OVERSEAS BUSINESS OPPORTUNITIES, AND DIVERSIFYING EARNINGS THROUGH PROPERTY DEVELOPMENTS AND OTHER INVESTMENTS. OUR STEADFAST BELIEF IS THAT THIS STRATEGY WILL ALLOW US TO ACHIEVE CONTINUOUS BUSINESS GROWTH AND REINFORCE OUR COMPETITIVENESS.**

**MR KIM PEOW**  
Group Chairman

### DEAR SHAREHOLDERS,

The year under review had been a difficult one due mainly to the disruptions caused by the Covid-19 pandemic, which raged worldwide. With lockdowns, business shutdowns and restricted people movements, the global economic climate was severely affected even as it was still facing strong headwinds from protectionist fervour, trade wars and volatile financial markets. The Covid-19 crisis, economic downturn and political upheavals will continue to adversely impact business operations worldwide including those in Singapore in the current year.

According to the Ministry of Trade and Industry's statistics announced on 15 February 2021, the Singapore economy contracted by 5.4 per cent in 2020, which was a reversal from the 1.3 per cent growth registered a year ago. The contraction was due to the widespread adverse economic impact of the Covid-19 pandemic.

The construction industry has been adversely impacted with a sharp fall of 35.9 per cent from the 1.6 per cent growth recorded in 2019. The sector was plagued by weakness in both public sector and private sector construction works. Construction work was stopped at worksites during the past year, affecting businesses and workers badly. It was only in December 2020 with Phase 3 re-opening that there was a steady resumption of construction work.

Despite the challenges faced in the Singapore economy, OKP Holdings Limited (OKP) remains confident that the company can overcome these obstacles by remaining focused on its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. Our vision will continue to be the main motivating factor in moving the Group ahead as we embrace change to prevail over dire times to achieve our business goals in securing a bright and sustainable future.

The company is determined to implement its strategy, which is to focus on its core capabilities, looking at

overseas business opportunities, and diversifying earnings through property developments and other investments.

We have positioned ourselves as a progressive and nimble company through forming joint ventures to develop properties, tender for complex projects, and purchasing properties in Singapore and overseas. Our joint ventures to develop properties have brought positive results. Together with our partners, we have completed two residential projects, Amber Skye and LakeLife, in 2017. In addition, OKP and a joint partner had won the tender in February 2018 to acquire a land parcel at Chong Kuo Road, Singapore, which is being developed into an 84-unit condominium called The Essence.

As part of our strategy to look into overseas business opportunities and diversify the Group's earnings, OKP, jointly with HSB Holdings Pte. Ltd., bought its first overseas property in Perth, Australia in April 2018. This freehold office complex is fully tenanted as at 31 December 2020.

Since its founding, the company has grown considerably with its staff strength growing from 10 employees in 1967 to 409 in 2002 and 788 today.

In overcoming various challenges while undergoing the ups and downs of the business cycle, we have grown to become a reputable business in the transport infrastructure and civil engineering industry in Singapore and the region. The Group continues to be inspired by its mission – to be the first and preferred civil engineering contractor for the various industries, here and overseas. Through the decades, OKP's reputation has increased due to its many advantages such as our sound track record, widely acknowledged expertise, excellent management team, and skilful and capable employees in civil and engineering projects.

The company thoroughly considers sustainability issues in the formulation of its strategies. We believe that sustainability means operating our business in a way that is not only profitable but also makes an affirmative impact on



our stakeholders and the environment. We believe this is a strategic methodology which leads to greater efficiencies and excellent business performance. Since 2010, OKP has published a sustainability report and for the sixth year running, is presenting a sustainability report based on the Stock Exchange (SGX) Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

## PERFORMANCE REVIEW

The past financial year was not an easy time for the Group due to the Covid-19 pandemic as it strives to embrace change and establish a resilient company with a steady and sustainable future. It saw revenue of \$69.6 million for the financial year ended 31 December 2020 (FY2020), a drop of 14.5 per cent compared to \$81.3 million for FY2019.

The decrease was due mainly to a 7.8 per cent drop in revenue from the construction segment to \$46.1 million, and a 32.9 per cent decline in revenue from the maintenance segment to \$17.2 million. The decrease was partially offset by a 9.9 per cent rise in rental income to \$6.3 million. The decrease in revenue from both the construction and maintenance segments was attributed mainly to the lower percentage of revenue recognised from several existing and newly awarded construction projects during FY2020.

The increase in rental income generated from investment properties came mainly from rental income from the property at 6-8 Bennett Street, East Perth, Western Australia. This office complex has been fully occupied since the second quarter ended 30 June 2019.

The main contributor to the Group's revenue continued to be the construction segment, which accounted for 66.2 per cent (FY2019: 61.4 per cent) of total revenue for the financial year. The maintenance segment accounted for 24.7 per cent (FY2019: 31.5 per cent) of overall revenue.

One positive development is the increase in rental income generated from investment properties. Rental income



OKP is involved in the Walk2Ride programme such as the covered linkway at Tanjong Pagar.

accounted for 9.1 per cent (FY2019: 7.1 per cent) of our company's revenue.

Gross profit decreased by 32.0 per cent to \$7.4 million for FY2020 compared to \$10.8 million a year ago. The rental income segment showed a rise in gross profit of \$4.3 million for FY2020, up from \$3.9 million in FY2019. However, there was a decrease in the gross profit of the construction and maintenance segments to \$3.0 million, down from \$6.9 million in the previous financial year. The lower gross profit margin for these two core segments was attributed chiefly to the temporary halt of construction activities in compliance with the government's Covid-19 measures. Overall, the negative impact from the Covid-19 situation on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2020.

However, other gains increased by 320.8 per cent to \$10.7 million for FY2020 from \$2.5 million a year ago. These gains were mainly from the receipt of payouts and rebates from the government of \$8.6 million, which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by Covid-19; and the one-off reversal of impairment allowance made of \$1.2 million following the completion of the disposal of a former associated company, CS Amber Development Pte Ltd. In addition, there was an increase in the gain on foreign exchange of \$0.8 million largely due to the appreciation of Australian dollar against the Singapore dollar.

However, these gains were partially offset by a non-recurring technical management consultancy fee of \$0.6 million in relation to a piling project in Jakarta, Indonesia which was earned in FY2019; an increase in net fair value loss of \$1.3 million resulting from a fair value gain of \$0.6 million in FY2019 to a fair value loss of \$0.7 million in FY2020, arising from the revaluation of some of the investment properties; plus a decrease in interest income from bank deposits of \$0.5 million, during FY2020.

Administrative expenses went up by 20.9 per cent to \$12.1 million for FY2020 from \$10.0 million a year ago. The increase was largely due to legal fees incurred for an ongoing trial and provision for potential fines of a subsidiary corporation and two employees.

The Group's balance sheet stayed solid. With a healthy cash position of \$79.0 million as at 31 December 2020, net tangible assets were \$121.4 million, up from \$119.4 million a year ago. This was equivalent to net tangible assets per share of 39.56 Singapore cents, compared to 38.71 Singapore cents per share in the previous year.

To reward shareholders for their continuous and unwavering support, the Board of Directors has proposed a final cash dividend of \$0.007 per share. The proposed dividend represents a dividend yield of 3.5 per cent, based on OKP's closing share price of 0.17 cents on 31 December 2020.



# OUR STRATEGY

## OUR CHAIRMAN'S STATEMENT

### ENHANCING OUR STRENGTHS AND RESILIENCE

The Group's industrious efforts and proficient skills have been well acknowledged in the industry as OKP has won numerous accolades for its work through the decades.

During the year under review, the company continued to build its strengths and resilience by winning a total of two projects - two maintenance projects. The Group has completed two construction projects, which were handed over successfully to the clients. We continued the execution of nine ongoing construction projects and six maintenance projects, which have been secured since February 2015.

Currently, our net order book stays healthy at \$254.0 million, with projects extending till 2023.

### LOOKING CONFIDENTLY TOWARDS THE FUTURE

Due to the Covid-19 pandemic, the Singapore construction industry faces uncertainties in the foreseeable future although there is optimism from a pipeline of construction projects.

The Building and Construction Authority (BCA) gave some positive projections for the industry. On 18 January 2021, its announcement stated that the total value of construction contracts to be awarded in 2021 will be in the range of between \$23.0 billion and \$28.0 billion. This is an increase from \$21.3 billion in 2020 registered during the ongoing Covid-19 pandemic.

The better construction outlook is because the public sector is expected to boost the demand to between \$15.0 billion and \$18.0 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the impending major public sector projects to be awarded in 2021 include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

For the private sector, construction demand is anticipated to decrease to between \$8.0 billion and \$10.0 billion in 2021, down from between \$10.5 billion and \$12.5 billion in the previous year. Development of the remaining en bloc residential sites, major retrofitting of commercial developments, and construction of high-specification industrial buildings to meet business needs are some of the potential projects.

Looking ahead over the medium term, BCA expects a gradual improvement in construction demand, projecting demand to reach between \$25.0 billion and \$32.0 billion per year from 2022 to 2025. During this period, the public sector, which contributed 65 per cent of total demand in Singapore, is expected to contribute \$14.0 billion to \$18.0 billion while construction demand in the private



*OKP is undertaking a road maintenance contract for North East sector.*

sector is anticipated to progress steadily to reach between \$11.0 billion and \$14.0 billion per year from 2022 to 2025.

Looking at the above hopeful estimates, civil engineering construction demand is expected to stay buoyant beyond 2021. Indeed, this brighter outlook improves the prospects for transport infrastructure and civil engineering companies such as OKP.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2020 real estate statistics, which were announced on 22 January 2021, indicated that the prices of private residential properties went up by 2.1 per cent, compared with 0.8 per cent increase in the previous quarter. For 2020, prices of private residential properties increased by 2.2 per cent, compared with 2.7 per cent increase in the previous year.

Despite the challenges in the construction industry, OKP is embracing change and prevailing to achieve a sustainable and stable business as the Group is an experienced contractor, especially for public sector projects. The BCA's projections of higher construction demand particularly from the public sector and for civil engineering works in 2021 is good news for the company. This is because of our good reputation and track record in the public sector. In addition, the government has announced on 4 March 2021 that it will be spending over \$315.0 million in the next few years to add another 1,000 hectares of green spaces over the next 10 to 15 years and expand Singapore's Park Connector Network. The Group sees opportunities in the tenders for these new recreational trails. It will be more proactive in bidding for more contracts not only from the public sector but also from the private sector in the coming year.

To stay ahead of the Covid-19 situation and competitive built environment, OKP has been widening its expertise and increasing its capabilities by venturing into property developments locally and overseas.



In 2017, the Group has successfully completed two property projects - the 109-unit freehold Amber Skye at Amber Road, and the 546-unit executive condominium, LakeLife at Yuan Ching Road/Tao Ching Road, both in Singapore.

Currently, the company is progressing well with its two new residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore.

Jointly with a partner, the Group won the tender to purchase a land parcel at Chong Kuo Road for \$43.9 million in February 2018 to redevelop the 99-year leasehold site into a condominium called The Essence. This property development has bagged three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) - at Property Guru Asia Property Awards Singapore 2019. This 99-year leasehold project is expected to receive its temporary occupation permit (TOP) in 2023.

Acquired at \$33.1 million in 2018 through a successful tender by the Group's 25.0 per cent-owned associated company, USB Holdings Pte. Ltd., Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure. This residential project in Bukit Panjang was launched in December 2020 to warm response. It is expected to receive its TOP in November 2023.

To expand and diversify its business, the Group has also been investing in several properties locally and overseas.

In January 2021, the Group completed the acquisition of 35 Kreta Ayer Road for \$11.3 million. The property has a freehold tenure and comprises a three-storey with attic shophouse. In November 2019, OKP acquired a freehold property located at 32 Tagore Lane in Singapore. The \$8.0 million freehold property comprises a two-storey corner light industrial terrace factory.

The Group has also expanded its footprint overseas by buying its first overseas property, a freehold office complex in Perth, Australia in April 2018. Acquired at A\$43.5 million, this property at 6-8 Bennett Street in East Perth, Australia has helped the Group to build recurrent rental income. This property is fully occupied by a mix of government and corporate tenants.

The Property Council of Australia's Office Market Report released on 4 February 2021, highlighted that 20 per cent of Perth Central Business District office stock is vacant, marking a 1.6 per cent increase since July last year. With the Covid-19 pandemic also affecting commercial property in 2020, Perth's office market is thus facing difficulties. However, optimism remains that the Covid-19 crisis will be soon be eradicated and positive market sentiments will return. Thus, the company is confident that its Australian acquisition will continue to be a worthwhile investment.

The company will continue to focus on its core civil engineering business, where it has a decades-long track record and wide expertise as the preferred civil engineering contractor for various industries.

However, we are also pragmatic and expect the operating environment in the construction industry to remain uncertain especially with the Covid-19 crisis still causing many disruptions. In addition, worries pile up with increasing business costs especially on materials such as steel, and a shortage of experienced and skilled workforce due to prevailing government policies and legislation.

To tackle these problems, the Group has reviewed its operations and enhanced its productivity through various measures. These include using more advanced technologies and conducting training programmes.

Indeed, we will fortify our efforts to bid for new projects, both locally and overseas and explore new businesses, through acquisitions, joint ventures and/or strategic alliances, that could complement our construction and maintenance business. These will enable us to step into new markets and gain new clients.

## A NOTE OF THANKS

On behalf of the Board, I would like to say a big thank you for the unwavering and dependable support of our shareholders, clients, business associates and suppliers through the decades, and particularly through the past difficult Covid-19 plagued year. I would like to express my sincere gratitude to the management team for their strong leadership, collaborative efforts and excellent teamwork. As we move ahead, I am assured that every one of you will give your dedication and uttermost best to make the Group resilient and robust so as to attain a sustainable future.

I would also like to express my heartfelt appreciation to our Board of Directors for their invaluable guidance and wise counsel. All of you have contributed your time, hard work and ideas to make OKP what it is today – and I am indebted to all of you for this unstinting support. As we put our hands together as a united team, we can prevail over difficulties, buttress our strengths to build a resilient and progressive company and achieve our vision to be one of the leading transport infrastructure and civil engineering companies in Singapore and the region now and in the years ahead.



**OR KIM PEOW**  
Group Chairman



## OUR STRATEGY

# OUR GROUP MANAGING DIRECTOR'S REVIEW

**GOOD PROJECT MANAGEMENT IS ESSENTIAL FOR THE SMOOTH AND EFFECTIVE PROJECT EXECUTION. AT OKP, WE ARE FORTUNATE TO HAVE MANAGERS, WHO HAVE THE APTITUDE TO MOTIVATE THE STAFF TO GIVE THEIR BEST EFFORTS.**



**OR TOH WAT**  
Group Managing Director

The Singapore construction industry continues to face uncertainties arising from the Covid-19 crisis, which has caused disruptions across the world including Singapore. However, there is now hope shining through with national vaccination programmes and gradual easing of restrictions for business and people movement in many countries.

There is a brighter mood for the construction sector with a pipeline of construction projects coming onstream. This can be seen from the Building and Construction Authority (BCA)'s announcement on 18 January 2021, where it highlighted that the total value of construction contracts to be awarded in 2021 will be between \$23.0 billion and \$28.0 billion. This is a rise from \$21.3 billion in 2020 recorded during the Covid-19 crisis, which caused major disruptions on many projects and related schedules.

The positive construction outlook is because the public sector is expected to lead the demand to between \$15.0 billion and \$18.0 billion with a stronger demand for public housing and infrastructure projects. Some of the impending major public sector projects to be awarded in 2021 include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

For the private sector, construction demand is anticipated to decrease to between \$8.0 billion and \$10.0 billion in 2021, down from between \$10.5 billion and \$12.5 billion a year ago. Development of the remaining en bloc residential sites, major retrofitting of commercial developments, and construction of high-specification industrial buildings to meet business needs are some of the potential projects.

Looking ahead over the medium term, BCA expects a steady rise in construction demand, projecting demand to reach between \$25.0 billion and \$32.0 billion per year from 2022 to 2025.

During this medium term, the public sector is expected to lead the demand by contributing \$14.0 billion to

\$18.0 billion per year with similar proportions of demand coming from building projects and civil engineering works. The public sector contributed about 65 per cent of the total demand in Singapore. Besides public residential developments, the public sector construction demand will continue to come from large infrastructure and institutional projects such as the Cross Island MRT Line (Phases 2 and 3), Downtown Line Extension to Sungei Kadut, cycling path networks, relocation of Singapore Science Centre, Toa Payoh Integrated Development, Alexandra Hospital redevelopment and a new integrated hospital at Bedok.

In the case of the private sector, construction demand is anticipated to progress steadily to reach between \$11.0 billion and \$14.0 billion per year from 2022 to 2025. This is in anticipation of a gradual recovery of the global economy, contingent on the successful deployment and effectiveness of Covid-19 treatment and vaccines, and the easing of lockdown restrictions.

With our strong track record in public sector works and civil engineering projects, the company looks forward to bidding for some of these transport infrastructure and civil engineering contracts.



*OKP is carrying out improvement works for Sungei Tampines (Tampines Avenue 7 to Tampines Expressway).*



## WINNING NEW PROJECTS

During the year under review, OKP maintained its positive position in the public sector by winning two maintenance projects. The total amount of these two projects was \$32.1 million.

The new maintenance projects comprised road safety schemes for East Sector, and maintenance works at various locations (Thomson Faber Island Gardens Estates).

Currently, our net order book remains healthy at \$254.0 million, with projects extending till 2023.

## EXECUTING AND PERFORMING WELL

The Group's business remains fundamentally sound as it seeks to embrace change, prevail over difficult times and be a resilient company with a sustainable future.

However, the past financial year ended 31 December 2020 (FY2020) was a difficult time for the company mainly due to disruptions such as lockdowns, business shutdowns and restricted people movement caused by Covid-19 pandemic. Our construction work was halted at worksites, affecting businesses and workers adversely. It was only in December 2020 with Phase 3 re-opening that there was a steady resumption of construction work.

Our revenue decreased by 14.5 per cent to \$69.6 million compared to the previous year (FY2019). Although revenue from the Group's construction and maintenance segments fell, it was partially offset by a rise in rental income.

Amidst the Covid-19 crisis and competitive business environment, we are even more steadfast to maintain our leadership position in the transport infrastructure and civil engineering market in Singapore, while at the same time, venture into property developments and investments to strengthen our business.

The company is grateful for the hard work and dedication of its dependable and skilful workforce, who have been supporting OKP in the execution and successful completion of projects. All our key functions are well-manned by experienced employees, who can interact effectively with other colleagues internally, and with clients, suppliers and business associates externally. As common with all service-oriented businesses, manpower and talent continue to be main issues facing OKP. We have made it a priority to orientate our new staff, nurture our people and provide sponsorships and scholarships to tap potential recruits. We believe that we have managed our resources efficiently.

We are aware that developing potential in present and future employees will always remain our focus. It is only when we have a professional and capable team in place

that we will be able to deliver our projects to the high quality of service that our clients have come to expect of our Group.

As an employer of 788 workers, workplace safety is one of the major aspects of our operations. We are committed to providing OKP's employees with a safe accident-free working environment and ensuring that they go home safe and sound after work. This pledge extends to our contractors, subcontractors and others who come to work at our worksites. Promoting a culture of safety and good environmental awareness within the Group, especially during the Covid-19 pandemic, is a vital factor in our business' planning and operation. This involves training our workforce, organising drills and taking all necessary measures to ensure the working environment is kept safe, risk-free and virus-free. If we do fail in our safety standards, we impose stricter measures and ensure safety is not compromised.



*OKP is undertaking a term contract for road related facilities, road structures and road safety schemes for East Sector, one of which is at Farrer Road.*

As a leading home-grown transport infrastructure and civil engineering company in the region, we have two core business segments namely, construction and maintenance plus the rental income segment from investment properties. Our business strategy remains in focusing on our core competencies, exploring overseas business opportunities, and diversifying earnings through property developments and other investments. We have extended our capabilities by establishing joint ventures to develop properties and tender for complex projects. In 2017, we completed two property projects in Singapore – Amber Skye, a condominium at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/ Tao Ching Road. Currently, we are co-developing two properties – The Essence and Phoenix Residences with joint venture partners.



## OUR STRATEGY

# OUR GROUP MANAGING DIRECTOR'S REVIEW



OKP has completed the construction of roads, drains and sewers at One-North Crescent and Media Link, and road demolition and reinstatement works at Portsdown Road.

## CONSTRUCTION: STRENGTHENING OUR POSITION IN PUBLIC SECTOR WORKS

During the past year, the construction segment saw a 7.8 per cent drop in revenue to \$46.1 million. The decrease was due mainly to the lower percentage of revenue recognised from several existing and newly awarded construction projects during FY2020. It continues to be the main contributor to the company's revenue, accounting for 66.2 per cent.

In 2020, there were two completed construction projects. The first completed project was the proposed sewers in Lim Chu Kang Area - Contract 2, which was secured in August 2017 and completed in February 2020. The second completed project was the construction of roads, drains and sewers at One-North Crescent and Media Link, and road demolition and reinstatement works at Portsdown Road, which commenced in June 2019 and was completed in August 2020.

Currently, the Group is busy with nine ongoing construction projects. These are: Walk2Ride Programme (two contracts); improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (TPE)); construction of covered linkways to Thomson East Coast Line Stage 1, 2 and 3 Stations; widening of Tampines Road between Kallang Paya Lebar Expressway and Tampines Avenue 10; commuter and road infrastructure works in Pasir Ris and Loyang; construction of link sewers for the Deep Tunnel Sewerage System phase 2 project schedule III contract 1 (Jalan Buroh/Tanjong Kling Road); proposed construction of new infrastructure at Tukang Estate; and term contract for road related facilities, road structures and road safety schemes for East Sector.

## MAINTENANCE: EXTENDING OUR SOURCE OF RECURRENT INCOME

Maintenance contracts provide the "bread-and-butter" of OKP's business, as it ensures a continuous and stable stream of recurrent income. Generally, these contracts are lower in value than construction projects and are implemented over a longer period of time but they play an important role as part of our core business. They are also a key part of the services that we provide to our clients. Over the years, the Group has established a good reputation in this area of work with many repeat clients.

There was a 32.9 per cent drop in revenue from the maintenance segment to \$17.2 million in FY2020. The fall in revenue was attributed mainly to the lower percentage of revenue recognised from several existing and newly awarded maintenance projects during FY2020.

This segment contributed 24.7 per cent of the company's total revenue. Currently, OKP is working on six ongoing maintenance projects. These are: improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate Areas); improvement to roadside drains V contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive); road maintenance contract for Expressway; road maintenance contract for North East Sector; improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates); and maintenance works at various locations.

## ENABLING SMOOTH PROJECT OPERATIONS

Good project management is essential for smooth and effective project execution. At OKP, we are fortunate to have managers who have the aptitude to motivate the staff to give their best efforts.

The company prioritises teamwork and good communication to enable everyone to carry out our projects efficiently, thus making sure that the Group delivers to its clients a superior level of service on time, on budget and to their satisfaction.

## RENTAL INCOME FROM INVESTMENT PROPERTIES: ANOTHER SOURCE OF RECURRENT INCOME

Rental income from investment properties has made an increasing contribution to the company's overall revenue. For FY2020, rental income went up by 9.9 per cent to \$6.3 million compared to \$5.7 million the previous year. Rental income made up 9.1 per cent of OKP's total revenue.



The increase in rental income generated from investment properties came mainly from rental income from the property in East Perth, Australia. In April 2018, the Group, jointly with a partner, acquired a freehold office complex at 6-8 Bennett Street in East Perth, Australia, which is located 900 metres west of the Central Business District of Perth. It comprises a four-storey building, a Grade A nine-storey building and a multi-storey car park. This office complex has been fully occupied since the second quarter ended 30 June 2019.

As a result of this overseas investment, we now have two geographical segments, namely Singapore and Australia, since FY2018.

## PROPERTY DEVELOPMENTS AND INVESTMENTS: DIVERSIFYING OUR EARNINGS

The Group has expanded its property developments by exploring potential good investments in Singapore and overseas.

In January 2021, OKP completed the acquisition of 35 Kreta Ayer Road for \$11.3 million. The freehold property comprises a three-storey with attic shophouse. In November 2019, the company acquired another freehold property located at 32 Tagore Lane in Singapore for investment purposes. The \$8.0 million freehold property comprises a two-storey corner light industrial terrace factory.

Currently, the company is progressing smoothly in the development of its two new residential properties, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore.

Together with a joint partner, the Group won a bid for a land parcel at Chong Kuo Road, Singapore in February 2018 for \$43.9 million. The 99-year leasehold project is being developed into The Essence, a condominium project comprising two five-storey blocks with 84 units. Launched in March 2019, this award-winning condominium achieved good sales of over 90 per cent and is expected to receive its temporary occupation permit (TOP) in 2023.

Through the Group's 25.0 per cent-owned associated company, USB Holdings Pte. Ltd., we secured a successful tender at \$22.1 million for a land parcel in Bukit Panjang in 2018, which is being developed into Phoenix Residences. A 74-unit residential development project with a 99-year leasehold tenure, it was launched in December 2020 to warm response. With the Phase 3 re-opening in Singapore, the Group has stepped up marketing efforts to engage homebuyers through both physical and virtual channels. It is expected to receive its TOP in November 2023.

Our property investments have been strategic in supporting us to diversify our business and revenues. We will continue to explore potential opportunities to boost our property development and investment portfolio in Singapore and regionally.

## EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group's gross profit declined by 32.0 per cent to \$7.4 million for FY2020 compared to \$10.8 million a year ago. Although the rental income segment showed a rise in gross profit of \$4.3 million for FY2020, there is a drop in the gross profit of the construction and maintenance segments to \$3.0 million. The lower gross profit margin for these two core segments was attributed mainly to the temporary halt of construction activities in compliance with the government's Covid-19 measures. Overall, the negative impact of Covid-19 on the construction and maintenance segments was mitigated by the finalisation of a few existing projects during FY2020.

Overall, better project management and tighter cost controls have been key in prudent financial management. However, exercising a high level of financial prudence does not mean cutting corners. For OKP, good execution is the pivotal factor to ensuring that projects are completed on time and within budget, and the company remains dedicated to a high level of operational efficiency. We are confident that this will help us to embrace change and prevail to make our business more resilient today and in the future.

## ACKNOWLEDGEMENT

I would like to express my deepest appreciation and sincere gratitude to my management team and all staff for their hard work, strong commitment and excellent teamwork. I am confident that as we reinforce our strengths to work together as a highly professional team, we can overcome the ups and downs of the business cycle, especially during this Covid-19 pandemic and be successful. Through this approach, we can move ahead to achieve our mission to be the first and preferred civil engineering contractor for the various industries in Singapore and beyond, and to achieve a sustainable and bright tomorrow.



**OR TOH WAT**  
Group Managing Director

# OUR STRATEGY

## OUR FUTURE OUTLOOK

### ECONOMIC OUTLOOK

Due to the widespread negative economic impact of the Covid-19 pandemic, the Singapore economy contracted by 5.4 per cent in 2020, according to the Ministry of Trade and Industry's (MTI) announcement on 15 February 2021. This was a reversal from the 1.3 per cent growth recorded in 2019.

The Covid-19 crisis has caused major disruptions to economies worldwide with lockdowns, work stoppages and restricted people movement. Many businesses have been adversely affected as they rush to activate business continuity plans to comply with safe distancing measures, find alternative supply chains amidst global lockdowns, and navigate legal contracts and unforeseeable events.

Although the development of vaccines and the implementation of national vaccination programmes have begun in many countries, uncertainties remain on when this pandemic may be tamed. In addition, there are continuing signs of trade wars, financial market instability and political unrest worldwide, which are expected to adversely affect global trade, and in turn, Singapore.

Taking into consideration the developments in the global and domestic economic environment, the Ministry of Trade and Industry (MTI) has maintained the GDP growth forecast for 2021 at 4.0 to 6.0 per cent.

### INDUSTRY OUTLOOK

According to MTI, the Singapore construction sector has been negatively impacted with a sharp drop of 35.9 per cent from the 1.6 per cent growth recorded in 2019. The industry was weighed down by weakness in both public sector and private sector construction works. With work halted at worksites during the past year, it was only in December 2020 with Phase 3 re-opening that there was a gradual resumption of construction work.

The Singapore construction sector is projected to recover from the low base last year, but activity levels at construction worksites will continue to be dampened by the requirement for safe management measures. The recovery in output in this sector is also expected to be slow due to the plunge in contracts awarded for construction works in 2020.

The Building and Construction Authority (BCA) is more optimistic. Its projections announced on 18 January 2021 indicated that the total value of construction contracts to be awarded in 2021 will range between \$23.0 billion and \$28.0 billion. This is an improvement from the estimated \$21.3 billion in 2020 recorded during the ongoing Covid-19 pandemic. The impact of the Covid-19 pandemic, which disrupted many project implementation

schedules, explained the 2020 figure, which revealed a decline of 36.5 per cent.

The brighter construction outlook is because the public sector is anticipated to energise the demand to between \$15.0 billion and \$18.0 billion with an expected stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects to be awarded in 2021 include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

In the case of the private sector, construction demand is expected to dip to between \$8.0 billion and \$10.0 billion in 2021, down from between \$10.5 billion and \$12.5 billion in 2020. The potential projects will come from development of the remaining en bloc residential sites, major retrofitting of commercial developments, and construction of high-specification industrial buildings to meet business needs.



*OKP is carrying out improvement to roadside drains V Contract at Stamford/Hill Street.*

Looking ahead over the medium term, BCA expects a steady improvement in construction demand, projecting demand to reach between \$25.0 billion and \$32.0 billion per year from 2022 to 2025.

During this medium term, the public sector is expected to take the lead in the demand and contribute \$14.0 billion to \$18.0 billion per year with similar proportions of demand coming from building projects and civil engineering works. The public sector contributed about 65 per cent of the total demand in Singapore.

Besides public residential developments, the public sector construction demand will continue to be sustained by large infrastructure and institutional projects such as the Cross Island MRT Line (Phases 2 and 3), Downtown Line Extension to Sungei Kadut, cycling path networks, relocation of Singapore Science Centre, Toa Payoh Integrated Development, Alexandra Hospital redevelopment and a new integrated hospital at Bedok.



For the private sector, construction demand is anticipated to improve gradually to reach between \$11.0 billion and \$14.0 billion per year from 2022 to 2025. This is in anticipation of a gradual recovery of the global economy, subject to the successful deployment and effectiveness of Covid-19 treatment and vaccines, and the easing of lockdown restrictions.

In view of the above projections, transport infrastructure and civil engineering construction demand are expected to remain positive till 2025. This promising outlook gives a needed lift to the prospects for transport infrastructure and civil engineering companies such as our Group.

However, the reality is that no one is confident that the Covid-19 crisis and its negative consequences will be eradicated completely. The construction industry continues to face various challenges such as rising business costs, manpower constraints and tight supply of materials. This is mainly due to the government policies and legislation involving foreign worker recruitment.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2020 real estate statistics, which were announced on 22 January 2021, revealed that the prices of private residential properties increased by 2.1 per cent, compared with 0.8 per cent increase in the previous quarter. For 2020, prices of private residential properties rose by 2.2 per cent, compared with the 2.7 per cent increase a year ago. After the introduction of cooling measures in the property market in July 2018, the property segment's growth had been moderate.

## COMPANY OUTLOOK

Amidst all these challenges due to the current Covid-19 pandemic, adverse economic climate, and uncertain construction and property sectors, the company remains resilient, while embracing change and prevail to achieve its business goals. Indeed, it has overcome many challenges in the past to become one of the leading transport infrastructure and civil engineering companies in



OKP is involved in constructing of covered linkways to Thomson-East Coast Line (TEL) Stage 1, 2 and 3 Stations (Woodlands Drive 14).



OKP is involved in the proposed sewers in Lim Chu Kang area - contract 2.

Singapore. The company's business remains fundamentally stable. We remain motivated in achieving our business goals, which are achievable due to our key advantages such as well-recognised track record, vast experience and an effective management team.

In our core construction and maintenance business, OKP stays cautiously optimistic of prospects, having successfully won two new public sector contracts in 2020. The Group continues to be supported by a strong pipeline of projects targeted for completion up to 2023. As at 31 December 2020, our net construction order book stood at \$254.0 million, with projects extending till 2023.

Furthermore, OKP has been increasing its proficiencies by getting into joint ventures for property developments and tendering for potential complex projects. For property developments, the company is progressing well with its two new residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore.

As part of its ongoing initiatives to diversify earnings and create recurrent income, the Group has also extended its footprint overseas by buying its first overseas property, a freehold office complex in Perth, Australia in January 2018. According to the Property Council of Australia's Office Market Report released on 4 February 2021, 20 per cent of Perth Central Business District (CBD) office stock is vacant, marking a 1.6 per cent increase since July last year. Perth's CBD office vacancy rate was already at 18.4 per cent in July 2020, and West Perth's at 22.1 per cent. Thus, demand in the office market has been a challenge since 2016. Health restrictions and economic downturn caused by the Covid-19 pandemic had a significant extra impact on commercial property in 2020. Thus, Perth's office market is facing challenges but optimism remains that the Covid-19 crisis will be over in the foreseeable future and positive market sentiments will return.

As OKP stays ahead to secure sustainable growth, we will continue to remain a solid and resilient company in order to attain a sunny future in the coming years.



# OUR STRATEGY

## FIVE-YEAR FINANCIAL HIGHLIGHTS

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<b>FOR THE YEAR</b>					
Revenue - Construction	46,065	49,966	46,051	78,448	90,492
Revenue - Maintenance	17,244	25,683	40,363	38,846	20,607
Revenue - Rental income	6,318	5,747	4,035	236	NA
Total revenue	69,627	81,396	90,449	117,530	111,099
Revenue - Construction (% of total revenue)	66.2%	61.4%	50.9%	66.7%	81.5%
Revenue - Maintenance (% of total revenue)	24.7%	31.5%	44.6%	33.1%	18.5%
Revenue - Rental income (% of total revenue)	9.1%	7.1%	4.5%	0.2%	NA
Gross profit	7,376	10,846	17,391	21,860	21,919
Gross profit (%)	10.6%	13.3%	19.2%	18.6%	19.7%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	9,805	5,815	11,149	17,873	19,476
EBITDA margin (%)	14.1%	7.1%	12.3%	15.2%	17.5%
Finance expense	1,163	1,288	1,133	76	72
Depreciation of property, plant and equipment	4,179	3,456	3,428	2,796	2,820
Amortisation of intangible assets	30	31	17	15	77
Profit before income tax	4,433	1,040	6,571	14,986	16,507
Profit before income tax (%)	6.4%	1.3%	7.3%	12.8%	14.9%
Net profit	3,955	681	5,646	12,716	14,338
Net profit (%)	5.7%	0.8%	6.2%	10.8%	12.9%
Profit after income tax and non-controlling interests (PATMI)	3,293	(378)	6,488	12,716	14,338
PATMI Margin (%)	4.7%	(0.5%)	7.2%	10.8%	12.9%

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
<b>AT YEAR END</b>					
Current assets	103,065	97,213	96,448	112,063	106,389
Total assets	197,079	180,188	186,638	166,325	164,217
Current liabilities	38,549	22,362	27,577	41,309	46,813
Total liabilities	59,026	59,026	63,041	43,814	49,793
Total debt (ie bank borrowings & finance lease)	31,601	29,917	28,102	2,481	3,148
Shareholders' equity	122,144	120,983	124,462	122,512	114,424
Total equity	123,183	121,162	123,597	122,512	114,424
Operating cashflow	18,694	(219)	(2,504)	17,492	28,265
Cash and cash equivalents	79,097	64,638	74,275	86,107	74,685
Net tangible assets	121,432	119,381	121,808	120,774	112,711
Net order book	254,027	283,102	265,828	267,990	329,859
Number of shares (excluding treasury shares)	306,961	308,431	308,431	308,431	308,431
Adjusted weighted average number of ordinary shares					
– Basic	307,468	308,431	308,431	308,431	308,431
– Fully diluted	307,468	308,431	308,431	308,431	308,431
Share price at year end (cents)	17.80	20.00	20.00	34.00	29.00
Market capitalisation as at 31 December	54,639	61,686	61,686	104,867	89,445
Capital expenditure	12,495	6,535	4,099	3,461	4,092



	2020	2019	2018	2017	2016
<b>FINANCIAL RATIOS</b>					
<b>Profitability</b>					
Revenue growth (%)	(14.5%)	(10.0%)	(23.0%)	5.8%	7.6%
PATMI growth (%)	971.2%	(105.8%)	(49.0%)	(11.3%)	104.7%
Return on assets (%) (PATMI/Total assets)	1.7%	(0.2%)	3.5%	7.6%	8.7%
Return on equity (%) (PATMI/Ave shareholders equity)	2.7%	(0.3%)	5.3%	10.7%	13.1%
<b>Liquidity</b>					
Current ratio (times)	2.7	4.3	3.5	2.7	2.3
Cash as per share (cents)	25.8	21.0	24.1	27.9	24.2
Net tangible assets per share (cents)	39.6	38.7	39.5	39.2	36.5
<b>Leverage</b>					
Total debt to equity ratio (times) (Total debt/Total equity)	0.3	0.2	0.2	<0.1	<0.1
Interest cover (times) (EBITDA/Finance expense)	8.4	4.5	9.8	235.2	270.5
<b>Investors' Ratio</b>					
Earnings per share (cents)					
– Basic	1.1	(0.1)	2.1	4.1	4.7
– Fully diluted	1.1	(0.1)	2.1	4.1	4.7
Gross dividend per share (cents) - ordinary	0.7	0.7	0.7	0.7	1.2
Gross dividend per share (cents) - special	0.0	0.0	0.3	1.3	0.8
Total gross dividend per share (cents) (DPS)	0.7	0.7	1.0	2.0	2.0
Gross dividend yield (%) based on year end share price	3.9%	3.7%	5.0%	5.9%	6.9%
Gross dividend payout (%) (DPS/Basic EPS)	65.4%	(583.3%)	47.6%	48.8%	42.6%
<b>Productivity</b>					
Number of employees	788	814	695	779	808
Revenue/employee (\$'000)	88.4	100.0	130.1	150.9	137.5



Improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Seng Estate areas) is one of OKP's ongoing maintenance projects.

**EMBRACING CHANGE AMIDST CHALLENGES  
DEVISING SUSTAINABLE STRATEGIES WELL**



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Amidst challenges in a tough business environment, we embrace change by devising strategies that will sustain our company well. While focusing on our key expertise in transport infrastructure and civil engineering, we continue to diversify into property developments and other investments in Singapore and overseas.

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# OUR BUSINESS

## OUR CORPORATE PROFILE

OKP Holdings Limited (OKP) and its subsidiary corporations are a leading transport infrastructure and civil engineering group in Singapore. The Group specialises in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals.

The Group also undertakes maintenance works for roads and road-related facilities as well as building construction-related works. Over the past years, the Group has expanded its core business to include property developments and investments.



*The widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10 is an ongoing construction project.*

Having celebrated 50 years in business in 2016, wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd was started by founder and Chairman, Mr Or Kim Peow, in 1966 as a sole-proprietorship. Since then, the company has grown its competencies and established its track record to become a leading transport infrastructure and civil engineering company today with two core business divisions – construction and maintenance. The Group tenders for both public and private civil engineering and infrastructure projects as well as maintenance contracts.

Our clients include both public and private sector organisations. Public sector clients include the Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority. In the private sector, clients include the Changi Airport Group, ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd, and WorleyParsons Pte Ltd.

### CORPORATE DEVELOPMENTS

Amidst the economic turmoil due to the Covid-19 pandemic, OKP has embraced changes to prevail and achieve our business goals. Our core strategy is to build

our resilience by boosting our strengths in our core competencies and at the same time, growing our presence in other revenue-generating sectors. Our abilities and position as a leading player in the public sector have been well acknowledged, particularly in Singapore. Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd, our wholly-owned subsidiary corporations, are A1 grade civil engineering contractors under the Building and Construction Authority's Contractors' Registry, which allow them to bid for public sector construction projects of unlimited value.

Taking a strategic view, OKP has started several significant initiatives to develop its expertise and widen its experience in the competitive business environment by investing in several joint ventures. In 2014, the company invested in an associated company, United Singapore Builders Pte. Ltd., with four other established construction companies with the aim of participating in complex project tenders.

In addition, the Group regularly explores new opportunities to build its property developments and investment portfolio, through joint ventures as well as on its own. We won a bid with a joint partner to acquire a land parcel at Chong Kuo Road in Singapore in February 2018. The development of The Essence, a residential condominium comprising 84 units, was launched in March 2019 with good sales. Another winning bid was Phoenix Residences in Singapore in August 2018, a 74-unit residential condominium, which was launched in December 2020 to warm response.

The company made a major step forward in February 2018 by acquiring its first overseas property, a freehold modern office complex at 6-8 Bennett Street, East Perth in Australia. The acquisition was done jointly with a partner.

In the past, OKP had been involved in property development projects such as a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road and a luxury condominium, Amber Skye, at Amber Road, both in Singapore.

In 2020, the Group acquired a shophouse at 35 Kreta Ayer Road, Singapore 089000 for \$11.3 million for investment. This freehold property comprises a three-storey with attic shophouse and occupies an area of approximately 1,568 sq ft and has a total floor area of approximately 4,240 sq ft. Another investment property at 32 Tagore Lane, Singapore 787485 was purchased in November 2019. This freehold property comprises a two-storey corner light industrial terrace factory, occupying an area of 6,469 sq ft.

Through the decades, OKP has won various accolades for its annual reports, corporate governance, safety and environment efforts and investor relations.





OKP is co-developing Phoenix Residences at Phoenix Road.

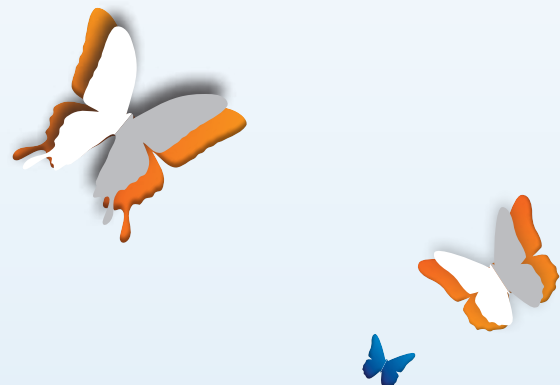
In 2019, our associated company Chong Kuo Development Pte Ltd was recognised for three awards for The Essence – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at Property Guru Asia Property Awards Singapore 2019.

In August 2010, we made it to Forbes Asia’s “Best Under A Billion” list, the magazine’s annual ranking of the top 200 firms in the Asia-Pacific region, which were selected from a list of nearly 13,000 publicly-listed top performers with sales under US\$1 billion. The company has also received “Singapore 1000 Company” Certificates of Achievement from DP Information Group for many years.



The construction of link sewers from the Deep Tunnel Sewerage System phase 2 project – schedule III contract 1 (Jalan Buroh/Tanjong Kling Road) is currently being undertaken by OKP.

Listed on the Singapore Exchange since 26 July 2002, OKP’s market capitalisation was \$54.6 million (2019: \$61.7 million) while net tangible assets amounted to \$121.4 million (2019: \$119.4 million) as at 31 December 2020.



# OUR BUSINESS OUR MILESTONES

2020



OKP purchased a shophouse at 35 Kreta Ayer Road Singapore 089000.

- OKP purchased a shophouse at 35 Kreta Ayer Road Singapore 089000 for investment.

2019

- Purchased a property at 32 Tagore Lane, Singapore 787485 for \$8.0 million for investment.
- Associated company Chong Kuo Development Pte Ltd won three awards – Best Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – for The Essence at Property Guru Asia Property Awards Singapore 2019.



2018



OKP is co-developing The Essence, a 84-units condominium at Chong Kuo Road in Singapore.

- Acquired first overseas property, a freehold modern office complex at 6-8 Bennett Street, Perth in Australia jointly with HSB Holdings Pte. Ltd. for A\$43.5 million.
- Clinched tender to acquire a land parcel at Chong Kuo Road in Singapore for \$43.9 million with Lian Soon Holdings with plans to develop to a condominium.
- Clinched tender to acquire a land parcel at 71-85 Phoenix Avenue, in Singapore with plans to redevelop the property.



2017

- Purchased a property at 7 Woodlands Industrial Park E2 Singapore 757450 for \$2.2 million for investment.
- Amber Skye, a private condominium at Amber Road, obtained the Temporary Occupation Permit on 27 April 2017.



2016



- Won the Best Annual Report Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards 2016.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd celebrated its 50th anniversary since it was founded as a sole-proprietorship in 1966.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd was upgraded to an A1 grade civil engineering contractor under the Contractors registry regulated by the Building and Construction Authority (BCA), allowing it to tender for public sector construction projects of unlimited value.
- LakeLife executive condominium at Yuan Ching/Tao Ching Road in Singapore obtained its Temporary Occupation Permit on 30 December 2016.



# OUR BUSINESS

## OUR MILESTONES

2015

- Wholly-owned subsidiary corporation OKP (Oil & Gas) Infrastructure Pte. Ltd. had been granted a licence to operate a representative foreign construction service company to explore business opportunities in the building and construction industry in Jakarta, Indonesia.
- Won two awards - Runner-up in the Most Transparent Company Award for Construction and Materials; and Mainboard Small Caps at the Securities Investors Association (Singapore) 16th Investors' Choice Awards 2015. This is fourth consecutive year for OKP to have clinched an accolade in the Most Transparent Company Award category.
- Won the Best Investor Relations Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards 2015.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner for 2015 Public Utilities Board Safety Achievement Award (Construction).



Our Executive Director, Mr Oh Enc Nam (right) receiving a trophy from PUB CEO Mr Ng Joo Hee (left) as the winner of the 2015 PUB Safety Achievement Award (Construction).

2014



Our Group Managing Director, Mr Or Toh Wat (second from right) receiving the Merit Award for the Singapore Corporate Governance Award 2014, Mainboard Small Caps Category from Mr Lawrence Wong (second from left), Minister for Culture, Community and Youth & Second Minister for Ministry of Communications and Information, at the 15th Securities Investors Association (Singapore) Investors' Choice Awards 2014.

- Won two awards – Merit for the Singapore Corporate Governance Award under Mainboard Small Caps category; and runner-up for the Most Transparent Company Award in the Constructions & Materials category – at Securities Investors Association (Singapore) 15th Investors' Choice Awards 2014.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd has invested in an associated company, United Singapore Builders Pte. Ltd., with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd and Swee Hong Limited to participate in Mass Rapid Transit (MRT) tenders and undertake MRT projects if awarded.





2013

- Wholly-owned subsidiary corporation OKP Land Pte. Ltd. has formed a joint venture company, Lakehomes Pte. Ltd., with BBR Development Pte. Ltd., Evia Real Estate (5) Pte. Ltd., CNH Investment Pte. Ltd. and Ho Lee Group Pte Ltd to develop an executive condominium, LakeLife at Yuan Ching Road/Tao Ching Road in Singapore.
- Won three awards in the “Companies with less than \$300 million in market capitalisation” category at Singapore Corporate Awards 2013 – Best Annual Report (Gold), Best Managed Board (Silver) and Best Investor Relations (Bronze).
- Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 14th Investors’ Choice Awards 2013.
- Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence.



Our Group Managing Director Mr Or Toh Wat (left) with Mr K Shanmugan, Minister of Foreign Affairs and Minister of Law (right) at the Singapore Corporate Awards 2013 where OKP won the Best Managed Award (Silver).

2012



OKP management at the Singapore Corporate Awards 2012 where it won the Best Annual Report (Gold) in the “Companies with less than \$300 million market capitalisation” category.

- A subsidiary corporation, OKP Land Pte Ltd. took a 10 per cent stake in CS Amber Development Pte. Ltd., a subsidiary corporation of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd. This property development company was involved in an en bloc purchase of a condominium block at 8 Amber Road, Singapore 439852 and plans to re-develop it into a premium condominium project.
- Won three awards in the “Companies with less than \$300 million in market capitalisation” category at Singapore Corporate Awards 2012 – Best Chief Financial Officer (Ms Ong Wei Wei), Best Managed Board (Bronze) and Best Investor Relations (Bronze).
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at Securities Investors Association (Singapore) 13th Investors’ Choice Awards 2012.
- Eng Lam Contractors Co. (Pte) Ltd was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence.



## OUR BUSINESS OUR MILESTONES

2011

- Incorporated a wholly-owned subsidiary corporation, OKP Land Pte. Ltd., with an issued and paid-up share capital of \$500,000, comprising 500,000 ordinary shares. The principal business activities of OKP Land Pte. Ltd. are investment holding and property development.
- Wholly-owned subsidiary corporation, Or Kim Peow Contractors (Pte) Ltd was assessed by the BCA and found eligible to participate in the Construction Engineering Capability Development Programme. This programme aims to nurture BCA registered general builders to undertake complex projects to build up their construction engineering capability by offering financial incentives.



With our Group Managing Director, Mr Or Toh Wat (second from right), at the "Best Under A Billion" award ceremony in Hong Kong are Ms Hera Siu, President of SAP China (left), Mr Christopher Forbes, Vice Chairman of Forbes (second from left) and Mr Simon Galpin, Director-General of Invest Hong Kong (right).

2010 ...

- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd. to form Forte Builder Pte. Ltd. which secured a \$83.5 million contract from Angullia Development Pte. Ltd. to construct Angullia Park condominium in Orchard Road in 2010.
- Purchased the property at 2A Sungei Kadut Drive Singapore 729554 for \$3.55 million to provide for future expansion plans of the company in 2010.



Then Minister of State for Defence, Associate Professor Koo Tsai Kee (right) presenting the Meritorious Defence Partner Award to our Executive Director, Mr Or Kiam Meng, at the Total Defence Awards 2009 in recognition of OKP's support and contribution to Total Defence.

- Issued 15 million new ordinary shares at \$0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary corporation of China Sonangol International Limited in 2009.
- Undertook bonus issue of 82,430,468 new shares on the basis of one new OKP share for every two existing shares held and a rights issue of warrants on the basis of one warrant for every four existing ordinary shares held in 2009. Each warrant was issued at a 1.0 cent, with an exercise price of 20.0 cents and an exercise period of three years.
- Acquired the property at 30 Tagore Lane Singapore 787484 for \$2.05 million to provide for future expansion plans of the company in 2009.
- Listed on the Sesdaq on 26 July 2002 and subsequently upgraded listing from Catalist (formerly Sesdaq) to SGX Mainboard on 25 July 2008.
- Issued 13.6 million new ordinary shares for cash at \$0.16821 each pursuant to a placement exercise in 2007.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was upgraded to an A2 grade civil engineering contractor under the BCA Contractors' registry, which allows it to tender for



2002



*Our Executive Director, Mr Or Lay Huat Daniel (right) and Mr Lim Chee Onn at the Singapore Corporate Awards 2008 where OKP bagged the Best Investor Relations Award (Gold) and the Best Annual Report Award (Silver).*

public sector construction projects with contract values of up to \$85.0 million each in 2009.

- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd was upgraded to an A1 grade civil engineering contractor under the Contractors Registry of the Building and Construction Authority (BCA) in 2008, allowing it to tender for public sector construction projects of unlimited value.
- **Successfully won and completed several major projects including:**
  - Two projects totalling \$8.6 million from the LTA to widen and re-surface roads with special-mix asphalt for the prestigious Formula One night race which took place in September 2008;
  - Three projects on Jurong Island worth a total of \$11.1 million in 2007, after incorporating a 55 per cent owned joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, to carry out civil engineering projects in relation to oil, petrochemical and gas-related businesses in Singapore;
  - A \$44.0 million civil engineering project relating to ExxonMobil's multi-billion dollar Second Petrochemical Complex for Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd in 2007.
- **Several firsts including:**
  - Secured our largest public sector project to date – \$119.3 million contract from the LTA to widen the stretch of CTE from PIE to Braddell Interchange in 2009;
  - Secured our maiden contract from the Urban Redevelopment Authority – a \$3.4 million contract for environmental improvement works in 2009;
  - First and largest project in the oil and gas industry worth approximately \$50.0 million relating to the \$750.0 million Universal Terminal, a massive petroleum storage facility in 2006, which was completed in 2008
  - First overseas project worth approximately \$14.3 million in Rota (Island), becoming one of the first few Singaporean companies to do business in the CNMI in 2006;

- One of the first civil contractors appointed by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd to carry out civil works in Jurong Island in 2006;
- First project with the National Parks Board in 2006
- First construction-related high-rise project worth \$10.5 million with a private property developer in 2003, which was completed a year later in 2004;
- First airport-related project worth \$39.5 million and first design and build project with \$21.6 million both in 2002.

• **Ventured overseas as follows:**

- Wholly-owned subsidiary corporation OKP Technical Management Pte. Ltd. entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd. to grow the business overseas in 2009;
- Incorporated a wholly-owned subsidiary corporation, OKP Investments (China) Pte Ltd, to handle construction-related business in China in 2003;
- Entered into an alliance agreement with other building and construction professionals to offer a one-stop solutions centre to customers in India and other countries in 2003;
- Incorporated a 96 per cent-owned subsidiary corporation, OKP (CNMI) Corporation in Saipan, Commonwealth of Northern Mariana Islands (CNMI) to handle infrastructure, construction and building-related businesses in CNMI in 2005;
- Incorporated a 55 per cent-owned subsidiary corporation, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia in 2006.



*OKP completed its first and largest oil and gas-related project on Jurong Island.*



*OKP's first construction-related high-rise building project called Dunman View condominium.*



*OKP's first design and build project at Bukit Timah Expressway.*



# OUR BUSINESS

## OUR AWARDS AND ACCOLADES

### COMPANY RANKING

#### 2012

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies – 2012" category.

#### 2011

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies – 2011" category.

#### 2010

Made Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the best 200 companies in the Asia Pacific region, which were selected from a list of nearly 13,000 publicly-listed top performers with sales under US\$1 billion, evaluated based on factors such as sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year.

Received Certificate of Achievement from DP Information Group, on entering into the "Singapore 1000 Company" list under the "Public Listed Companies - 2010" category.

#### 2009

OKP Holdings Limited and wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd were awarded the Certificate of Achievement by DP Information Group for making the 22nd "Singapore 1000 & SME 500" rankings.

#### 2007-2008

Received Certificate of Achievement from DP Information Group for making the "Singapore 1000 Company" list under the "Public Listed Companies – 2007 & 2008" category.

### INVESTOR RELATIONS/TRANSPARENCY

#### 2016

Won the Best Annual Report Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards 2016.

#### 2015

Won two awards - Runner-up in the Most Transparent Company Award for Construction and Materials; and Mainboard Small Caps at the Securities Investors Association (Singapore) 16th Investors' Choice Awards 2015.

Won the Best Investor Relations Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards 2015.

#### 2014

Won two awards - Merit for the Singapore Corporate Governance Award under Mainboard Small Caps Category; and runner-up for the Most Transparent Company Award in the Constructions & Materials Category at Securities Investors Association (Singapore) 15th Investors' Choice Awards 2014.

#### 2013

Won three awards in the "Companies with less than \$300 million in market capitalisation" category at Singapore Corporate Awards 2013 - Best Annual Report (Gold), Best Managed Board (Silver) and Best Investor Relations (Bronze).

Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 14th Investors' Choice Awards.

#### 2012

Won three awards in the "Companies with less than \$300 million in market capitalisation" category at Singapore Corporate Awards 2012 - Best Chief Financial Officer (Ms Ong Wei Wei), Best Managed Board (Bronze) and Best Investor Relations (Bronze).

Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 13th Investors' Choice Awards 2012.

#### 2010

Received Best Annual Report Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at the Singapore Corporate Awards 2010.

#### 2009

Won two awards at the Singapore Corporate Awards 2009, namely Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) in the "Companies with less than \$300 million in market capitalisation" category.

#### 2004-2008

Won the following awards:

- Silver for Best Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008
- Best Annual Report Award (Gold) for Sesdaq company at the Inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure
- Ranked second runner-up at 30th Annual Report Awards in the Sesdaq-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Directors, Singapore Exchange Limited and The Business Times in 2004.



## SAFETY/ENVIRONMENT



### 2020

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Project Safety Recognition Award 2020 Category 2 (Safety Enhancement Scheme) from the Public Utilities Board (PUB) for its safety record for proposed sewers in Lim Chu Kang Area (Contract 2).

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Safety Recognition Award from the PUB for its safety record for the Deep Tunnel Sewerage System Phase 2 Project.

### 2019

Wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd have been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Excellent) Award.

Wholly-owned subsidiary Or Kim Peow Contractors (Pte) Ltd has been certified as a bizSAFE Partner by the Workplace Safety and Health (WSH) Council.

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd has been certified as a bizSAFE Star by the WSH Council.

### 2017

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Safety Recognition Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport.

### 2016

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Safety Recognition Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the Land Transport Authority (LTA) at its Annual Safety Award 2016 for "Category 2 (Civil contracts not exceeding \$120 million) for companies that have achieved above 400,000 accident-free man-hours worked for Contract ER458.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2016 for the "Major Category (Civil contracts between \$20 million and \$50 million)" for Contract ER458.

Wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd have been conferred the BCA Green and Gracious Builder (Excellent) Award.

### 2015

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2015 for "Category 2 (Civil contracts not exceeding \$120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER391.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2015 for the "Major Category (Civil contracts between \$20 million and \$50 million)" for Contract ER391.

Wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd have been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Merit) Award.

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner of 2015 Public Utilities Board Safety Achievement Award (Construction).

### 2014

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2014 for "Category 2 (Civil contracts not exceeding \$120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER368.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2014 for "Category 2 (Civil contracts not exceeding \$120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER391.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2014 for the "Major Category (Civil contracts between \$20 million and \$50 million)" for Contract ER368.

### 2013

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free man-hours)" for Contract ER368.



## OUR BUSINESS

# OUR AWARDS AND ACCOLADES

Or Kim Peow Contractors (Pte) Ltd OKPC received a Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free manhours)" for Contract ER391.

Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Construction Environmental Award 2013. The award is in the "Major Category (Civil contracts between \$20 million and \$50 million)" for Contract ER201.

Or Kim Peow Contractors (Pte) Ltd OKPC received a Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free manhours)" for Contract ER391.

### 2012

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Annual Safety Award 2012. The award is in the "Major Category (Civil contracts between \$20 million and \$50 million)" for Contract ER368.

Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2012. The award is in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free manhours)" for Contract ER368.

Or Kim Peow Contractors (Pte) Ltd has been conferred the BCA Green and Gracious Builder (Excellent) Award.

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd has been conferred the BCA Green and Gracious Builder (Merit) Award.

### 2011

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2011 for the "Category 2 (Civil contracts less than \$120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER288.

### 2010

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Excellence from the LTA at its Annual Safety Award 2010. The award in the "Major Category (Civil contracts between \$20 million and \$50 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER194.

### 2009

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Excellence by the LTA at its Annual Safety Award 2009. The award in the "Minor Category (Civil contracts less than \$20 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER213.

### 2006

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner of the Housing & Development Board Safety Award 2006 for construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6).

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Annual Safety Award 2006 for the "Major Category" for Contract PE100.

## DEFENCE

### 2016

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.

### 2013

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence.

### 2012

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence.

### 2009

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2009 in recognition of its support and contribution to Total Defence.

### 2008

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2008 in recognition of its support and contribution to Total Defence.

## PROPERTY

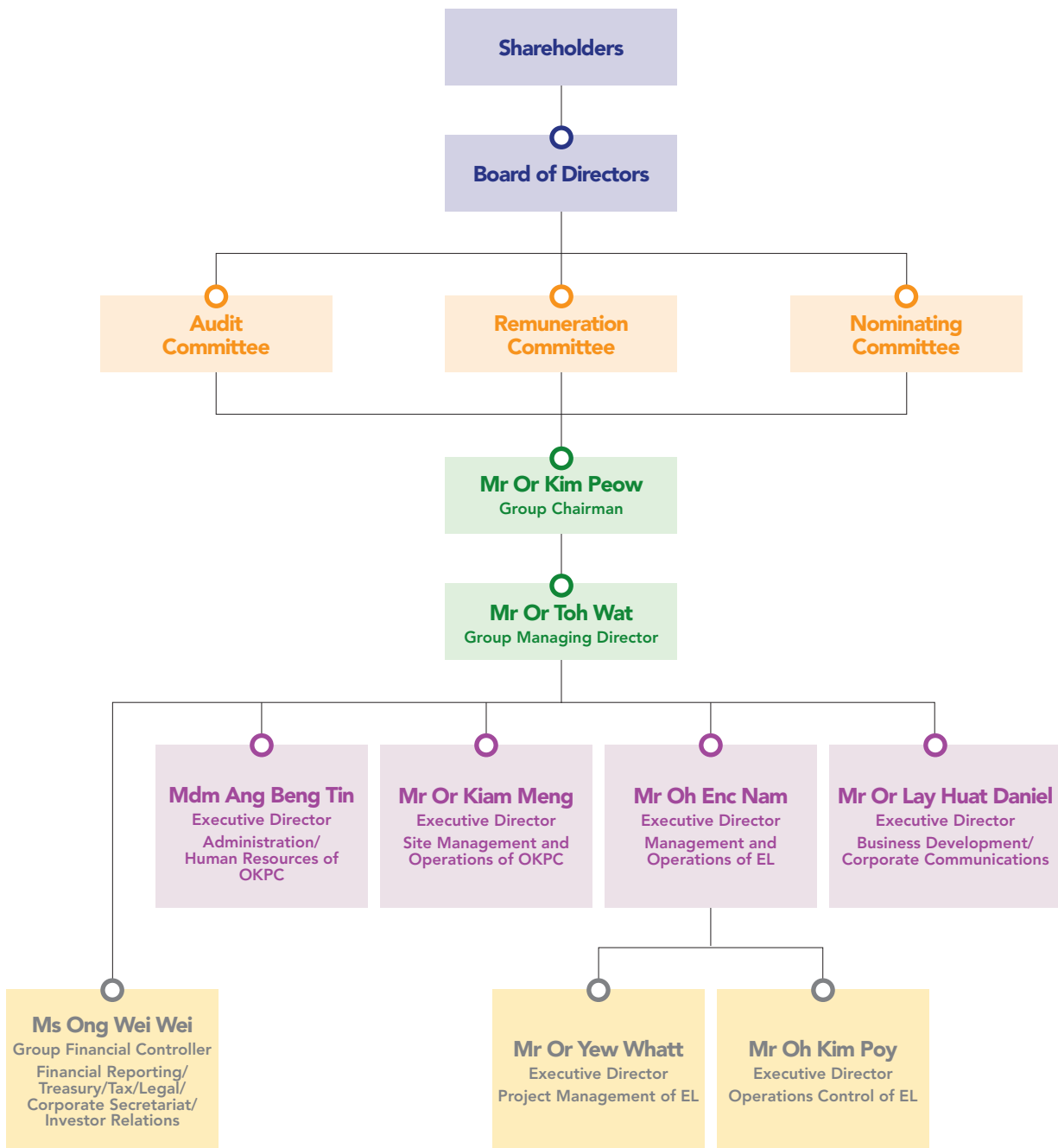
### 2019

Associated company Chong Kuo Development Pte Ltd won three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended), Best Boutique Condo Architectural Design (Highly Commended), for The Essence at Property Guru Asia Property Awards Singapore 2019.



# OUR BUSINESS

## OUR ORGANISATION CHART



OKPC: Or Kim Peow Contractors (Pte) Ltd  
EL: Eng Lam Contractors Co. (Pte) Ltd

# OUR BUSINESS

## OUR BOARD OF DIRECTORS



### MR OR KIM PEOW

*Group Chairman*

Date of first appointment as a director:

**15 February 2002**

Date of last re-appointment as director:

**27 April 2020**

Mr Or Kim Peow is the founder of the Group. With more than 61 years of experience in the infrastructure and civil engineering business, he is responsible for overseeing the overall management and strategic development of the Group. Mr Or founded the Group 54 years ago and was instrumental in growing and steering it through major changes in its history. He continues to be active, playing an advisory role in the Group's strategic development and planning.

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Present directorships in other listed companies: **Nil**

Past directorships held over the preceding three years in other listed companies: **Nil**



### MR OR TOH WAT

*Group Managing Director*

Date of first appointment as a director:

**15 February 2002**

Date of last re-appointment as director:

**26 April 2018**

Mr Or Toh Wat has more than 29 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

Mr Or holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Bachelor of Applied Science (Construction Management) with Honours degree from the Royal Melbourne Institute of Technology.

He is the son of Mr Or Kim Peow, who is the Group Chairman.

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Present directorships in other listed companies: **Nil**

Past directorships held over the preceding three years in other listed companies: **Nil**



### MDM ANG BENG TIN

*Executive Director*

Date of first appointment as a director:

**20 March 2002**

Date of last re-appointment as director:

**26 April 2018**

Joining the Group in 1979, Mdm Ang Beng Tin has more than 46 years of experience in administration and human resources. She is responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd, one of the Group's principal subsidiary corporations.

Mdm Ang holds GCE 'O' level qualifications.

She is the wife of Mr Or Kim Peow, who is the Group Chairman.

---

Present directorships in other listed companies: **Nil**

Past directorships held over the preceding three years in other listed companies: **Nil**







**MR OR KIAM MENG**

*Executive Director*

Date of first appointment as a director:

**20 March 2002**

Date of last re-appointment as director:

**27 April 2020**

Joining the Group in 1985, Mr Or Kiam Meng has more than 35 years of experience in the construction industry. He oversees the daily site management and operations of Or Kim Peow Contractors (Pte) Ltd, one of the Group’s principal subsidiary corporations.

He holds a Diploma in Building and a Certificate in Occupational Safety & Health from Singapore Polytechnic.

He is the son of Mr Or Kim Peow, who is the Group Chairman.

---

Present directorships in other listed companies: **Nil**  
Past directorships held over the preceding three years in other listed companies: **Nil**



**MR OH ENC NAM**

*Executive Director*

Date of first appointment as a director:

**20 March 2002**

Date of last re-appointment as director:

**29 April 2019**

Joining the Group in 1978, Mr Oh Enc Nam has more than 41 years of experience in the construction industry. He is responsible for the day-to-day management and overall operations of Eng Lam Contractors Co. (Pte) Ltd, one of the Group’s principal subsidiary corporations.

Mr Oh holds GCE ‘A’ level qualifications.

He is the nephew of Mr Or Kim Peow, who is the Group Chairman.

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Present directorships in other listed companies: **Nil**  
Past directorships held over the preceding three years in other listed companies: **Nil**



**MR OR LAY HUAT DANIEL**

*Executive Director*

Date of first appointment as a director:

**1 August 2006**

Date of last re-appointment as director:

**29 April 2019**

Joining the Group in 2006, Mr Or Lay Huat Daniel is currently responsible for business development and corporate communications of the Group. He is a member of the Singapore Institute of Directors.

Mr Or holds a Bachelor of Commerce degree majoring in Corporate Finance from the University of Western Australia, Perth.

He is the son of Mr Or Kim Peow, who is the Group Chairman.

---

Present directorships in other listed companies: **Nil**  
Past directorships held over the preceding three years in other listed companies: **Nil**

# OUR BUSINESS

## OUR BOARD OF DIRECTORS



### DR CHEN SEOW PHUN, JOHN

*Lead Independent Director*

Chairman, Audit Committee

Member, Nominating Committee and Remuneration Committee

Date of first appointment as a director:

**25 June 2002**

Date of appointment as the lead independent director:

**1 August 2006**

Date of last re-appointment as director:

**27 April 2020**

Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon Holdings Limited (previously known as Thai Village Holdings Limited) and the Chairman of SAC Capital Private Limited. He also sits on the boards of a number of publicly listed companies.

He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, Dr Chen was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. He has served as a Board Member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd. He is a Fellow of the Singapore Institute of Directors.

Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.

Present directorships in other listed companies: **Fu Yu Corporation Ltd; Hanwell Holdings Ltd (previously known as PSC Corporation Ltd); Hiap Seng Engineering Ltd; Hong Lai Huat Group Limited (previously known as HLH Group Limited); Matex International Limited; Pavillon Holdings Ltd (previously known as Thai Village Holdings Ltd) and Tat Seng Packaging Group Ltd**

Past directorships held over the preceding three years in other listed companies: **Nil**



### MR NIRUMALAN S/O V KANAPATHI PILLAI

*Independent Director*

Chairman, Remuneration Committee

Member, Audit Committee and Nominating Committee

Date of first appointment as a director:

**1 June 2005**

Date of last re-appointment as director:

**26 April 2018**

Mr Nirumalan s/o V Kanapathi Pillai (Niru Pillai) is the Managing Director of Niru & Co LLC, a boutique-sized law firm established since 1978. Its strength lies in specialist litigation and dispute resolution work traversing insurance and reinsurance, shipping and aviation, international trade, energy, media, civil, family, commercial, corporate and arbitration. The firm has represented leading financial institutions and major international companies including Fortune 500 companies. It has a veritable practice in Kuala Lumpur, Suflan T H Liew & Partners. In the late 1990s, Niru & Co was in full association with CMS Cameron McKenna, a top-tier law firm with headquarters in London. Mr Niru has been in legal practice for more than 41 years. He qualified as a Barrister-at-law (England & Wales) and was admitted to the Honorable Society of the Inner Temple in 1976. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1978 and was admitted as a barrister and solicitor of the Supreme Court of Victoria, Australia, in 1990.

Mr Niru holds a LLM from the University of Melbourne, Australia and a LLM (with Distinction) from the Nottingham Trent University, United Kingdom. He is also a Fellow of the Chartered Institute of Arbitrators, United Kingdom and the Singapore Institute of Arbitrators. Until 2006, he was also an Adjunct Associate Professor in the Faculty of Engineering, National University of Singapore.

Present directorships in other listed companies: **Nil**

Past directorships held over the preceding three years in other listed companies: **Nil**



### MR TAN BOEN ENG

*Independent Director*

Chairman, Nominating Committee

Member, Audit Committee and Remuneration Committee

Date of first appointment as a director:

**25 June 2002**

Date of last re-appointment as director:

**29 April 2019**

Mr Tan Boen Eng has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and non-listed companies from various industries, including business consultancy, training and management consultancy. Mr Tan was the President of the Institute of Certified Public Accountants of Singapore from 1995 to April 2009. He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and is currently a Board Member of Singapore Institute of Accredited Tax Professionals. He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore, Director of Singapore Pools Pte Ltd and Board Member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a member of the Singapore Sports Council.

Mr Tan holds a Bachelor of Arts in Economics (Honours) degree from the University of Malaya in Singapore. He is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia. He received the Public Administration Medal (Silver) in 1975.

Present directorships in other listed companies: **Nil**

Past directorships held over the preceding three years in other listed companies: **Nil**



# OUR BUSINESS

## OUR KEY MANAGEMENT

### **MS ONG WEI WEI**

*Group Financial Controller*

#### **OKP Holdings Limited**

Ms Ong Wei Wei joined OKP Holdings Limited in 2002. She oversees the Group's finance and corporate functions covering financial reporting, treasury, tax, and corporate secretarial duties and investor relations. Before joining the Group, she was a corporate advisory manager with an accounting firm.

She is a Fellow of the Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants (United Kingdom). She is also a member of the Institute of Internal Auditors, Inc. (Singapore Chapter) and an associate member of the Singapore Institute of Directors.

Ms Ong was conferred the Best Chief Financial Officer Award at the Singapore Corporate Awards 2012 under the category for companies with less than \$300 million in market capitalisation.

### **MR OR YEW WHATT**

*Executive Director*

#### **Eng Lam Contractors Co. (Pte) Ltd**

Mr Or Yew Whatt joined the Group in 1989. He is currently the Project Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's principal subsidiary corporations. He is responsible for the supervision of projects and resolution of site issues and is involved in the project tender process. He has more than 30 years of experience in the construction industry.

He holds a Certificate in Pavement Construction and Maintenance from the Building and Construction Authority. Mr Or is the nephew of Mr Or Kim Peow, who is the Group Chairman.

He is the brother of Mr Oh Enc Nam, who is the Executive Director.

### **MR OH KIM POY**

*Executive Director*

#### **Eng Lam Contractors Co. (Pte) Ltd**

Mr Oh Kim Poy joined the Group in 1977. He is currently the Operations Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's principal subsidiary corporations. He is responsible for supervising and monitoring of projects.

Mr Oh has more than 46 years of experience in the construction industry.

He is the brother of Mr Or Kim Peow, who is the Group Chairman.



# OUR BUSINESS

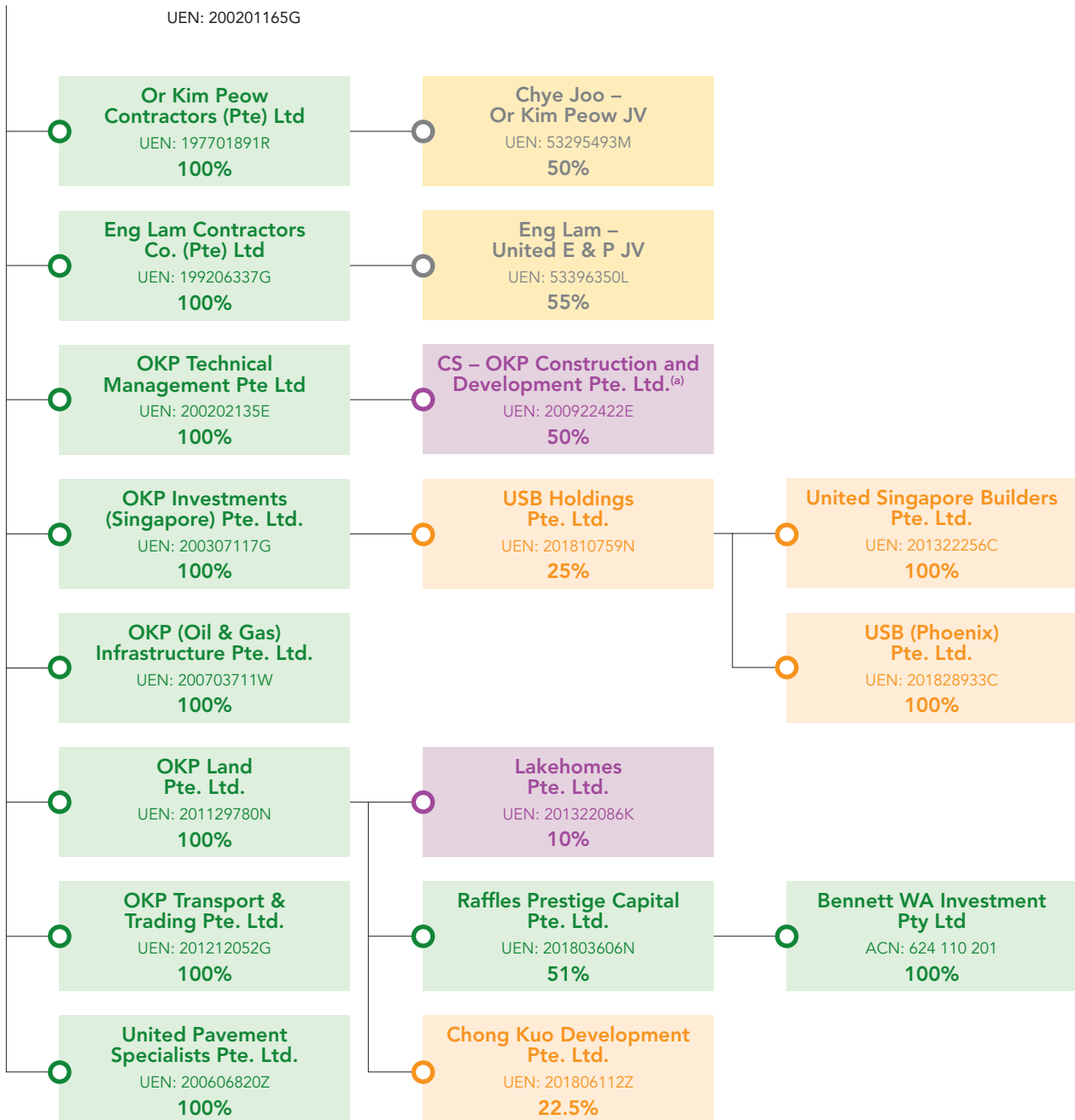
## OUR GROUP STRUCTURE



**OKP HOLDINGS LIMITED**

胡金標控股有限公司

UEN: 200201165G



- Subsidiary Corporations
- Incorporated Joint Ventures
- Associated Companies
- Unincorporated Joint Ventures

(a) Struck-off in March 2021.

# OUR BUSINESS

# OUR CORPORATE INFORMATION

## BOARD OF DIRECTORS

### GROUP CHAIRMAN

Mr Or Kim Peow

### GROUP MANAGING DIRECTOR

Mr Or Toh Wat

### EXECUTIVE DIRECTORS

Mdm Ang Beng Tin

Mr Or Kiam Meng

Mr Oh Enc Nam

Mr Or Lay Huat Daniel

### LEAD INDEPENDENT DIRECTOR

Dr Chen Seow Phun, John

### INDEPENDENT DIRECTORS

Mr Nirumalan s/o V Kanapathi Pillai

Mr Tan Boen Eng

## AUDIT COMMITTEE

### CHAIRMAN

Dr Chen Seow Phun, John

### MEMBERS

Mr Nirumalan s/o V Kanapathi Pillai

Mr Tan Boen Eng

## NOMINATING COMMITTEE

### CHAIRMAN

Mr Tan Boen Eng

### MEMBERS

Dr Chen Seow Phun, John

Mr Nirumalan s/o V Kanapathi Pillai

## REMUNERATION COMMITTEE

### CHAIRMAN

Mr Nirumalan s/o V Kanapathi Pillai

### MEMBERS

Dr Chen Seow Phun, John

Mr Tan Boen Eng

## COMPANY SECRETARY

Mr Vincent Lim Bock Hui LL.B (Hons)

## REGISTERED OFFICE

UEN: 200201165G

30 Tagore Lane Singapore 787484

T : (65) 6456 7667

F : (65) 6459 4316

W : www.okph.com

## DATE OF INCORPORATION

15 February 2002

## SHARE REGISTRAR

### BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

T : (65) 6536 5355

F : (65) 6536 1360

## SHARE LISTING

OKP was listed on the Singapore Exchange Dealing and Automated Quotation System (Sesdaq), now renamed Catalist, on 26 July 2002. Its listing was upgraded from the Catalist to the SGX Mainboard with effect from 25 July 2008.

## INDEPENDENT AUDITOR

### NEXIA TS PUBLIC ACCOUNTING CORPORATION PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS

80 Robinson Road

#25-00 Singapore 068898

T : (65) 6534 5700

F : (65) 6534 5766

Director-in-charge

Ms Lee Look Ling

Financial year appointed

31 December 2017

## INTERNAL AUDITOR

### HLS RISK ADVISORY SERVICES PTE LTD

15 Hoe Chiang Road

#12-02 Tower Fifteen

Singapore 089316

T : (65) 6423 9969

F : (65) 6423 9979

## PRINCIPAL BANKERS

### OVERSEA-CHINESE BANKING CORPORATION LIMITED

63 Chulia Street

#06-00 OCBC Centre East

Singapore 049514

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## INVESTOR RELATIONS

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## STOCK DATA

Stock Code

Bloomberg: OKP SP EQUITY

Reuters: OKPH.SI

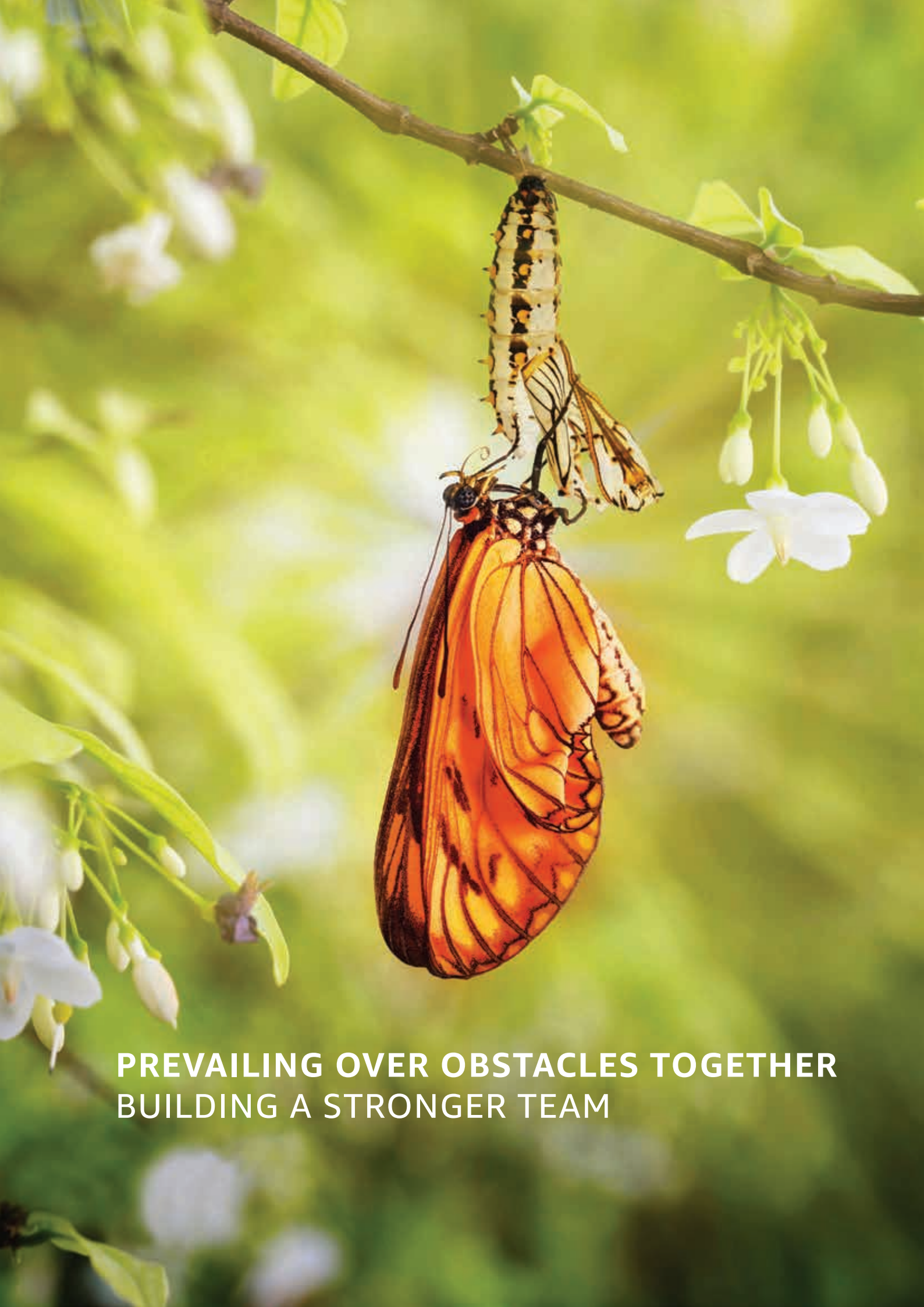
SGX: 5CF

ISIN Code: SG1M55904841

SGX Sector Classification:

Construction





**PREVAILING OVER OBSTACLES TOGETHER  
BUILDING A STRONGER TEAM**



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To prevail over obstacles, we aim to work together and build a stronger team which is resilient yet forward-looking. We want our company to emerge stronger from crises, and be able to overcome challenges and manage business cycles effectively.

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# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### BUSINESS REVIEW

#### I. CONSTRUCTION

##### COMPLETED CONSTRUCTION PROJECTS

During the year under review, there were two completed public sector construction projects, of which one was secured in August 2017 and completed in February 2020, and the other secured in June 2019 and completed in December 2020.

The construction segment continued to be the major contributor to our Group's total revenue, contributing 66.2 per cent or \$46.1 million in FY 2020.



OKP is involved in constructing linkways under the Walk2Ride programme.

##### List of Completed Construction Projects

No	Description of completed construction projects	Date of Commencement	Date of Completion	Contract Value (\$)
1.	Construction of roads, drains and sewers at One-North Crescent and Media Link, and road demolition and reinstatement works at Portsdown Road (C190028T00)	June 2019	August 2020 (extended to December 2020)	6,193,000
2.	Proposed sewers in Lim Chu Kang area – contract 2 (1170393)	August 2017	February 2020	8,211,313 (revised)

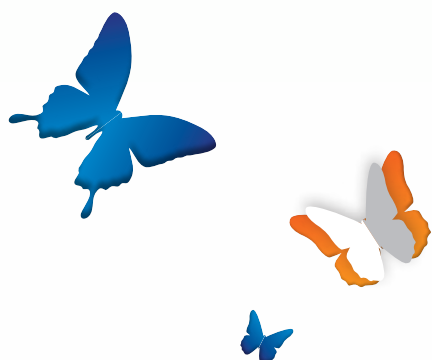
##### ONGOING CONSTRUCTION PROJECTS

In 2020, we continued the execution of several ongoing construction projects, which had been secured since February 2015.

All the construction projects have been given a universal extension of time of 122 days to be completed, in accordance with the Covid-19 (Temporary Measures) Act, which provide relief for the construction industry, which has been affected by the Covid-19 pandemic.



OKP completed the proposed sewers in Lim Chu Kang area - contract 2.





### List of Ongoing Construction Projects

No	Description of ongoing construction projects (not completed)	Date of Commencement	Estimated Date of Completion	Contract Value (\$)
1.	Walk2Ride Programme (ER442)	February 2015	December 2018 (extended to December 2020) (further extension of time (EOT) to April 2021)	46,078,501 (revised)
2.	Walk2Ride Programme (ER443)	February 2015	February 2019 (extended to February 2021) (further EOT to October 2021)	34,621,000 (revised)
3.	Improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (1180229)	May 2018	May 2021 (EOT to August 2021)	48,827,000
4.	Construction of covered linkways to Thomson East Coast Line (TEL) Stage 1, 2 and 3 Stations (T2188)	September 2018	November 2021 (EOT to March 2022)	36,870,180
5.	Widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10 (DE123)	October 2018	October 2021 (EOT to January 2022)	30,127,000
6.	Construction of link sewers from the Deep Tunnel Sewerage System phase 2 project – schedule III contract 1 (Jalan Buroh/Tanjong Kling Road) (DTSS2/1180524)	January 2019	January 2023 (EOT to May 2023)	27,686,000
7.	Proposed construction of new infrastructure at Tukang Estate (C190079T00)	October 2019	January 2021 (EOT to May 2021)	18,327,000
8.	Commuter and road infrastructure works in Pasir Ris and Loyang (DE143)	December 2019	December 2022 (EOT April 2023)	82,700,000



OKP is carrying out commuter and road infrastructure works in Pasir Ris and Loyang.

# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### II. MAINTENANCE

#### COMPLETED MAINTENANCE PROJECTS

No maintenance project was completed during the year under review.



OKP is undertaking the project for the widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10.

In addition to providing a stable and recurrent income stream for the Group, our maintenance segment is an important part of the services that we provide to our clients. This segment contributed \$17.2 million, which constituted 24.7 per cent of our Group's total revenue in FY2020.

#### ONGOING MAINTENANCE PROJECTS

We secured two new maintenance contracts from a public sector agency in FY2020. These two projects were:

- A contract to provide maintenance works at various locations.
- A term contract for road related facilities, road structures and road safety schemes for East Sector.

In 2020, we continued the execution of several ongoing maintenance projects, which had been secured since January 2018.

All the maintenance projects have also been given a universal extension of time of 122 days to be completed.

#### List of Ongoing Maintenance Projects

No	Description of ongoing maintenance projects	Date of Commencement	Estimated Date of Completion	Value (\$)
1.	Improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas) (1180028)	January 2018	January 2021 (EOT to May 2021)	13,836,000
2.	Improvement to roadside drains V contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive) (1180289)	July 2018	October 2020 (EOT to February 2021)	3,993,000
3.	Improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates) (1190009)	January 2019	July 2021 (EOT to November 2021)	13,923,000
4.	Term contract for road related facilities, road structures and road safety schemes for East Sector. (TR332A)	May 2020	May 2023 (EOT to September 2023)	31,587,000
5.	Maintenance works at various locations (RC130)	November 2020	May 2021 (EOT to September 2021)	497,000





An overview of the site for the proposed construction of new infrastructure at Tukang Estate, which is one of OKP's projects.

In addition to the above projects, two road maintenance contracts comprising one for Expressway (TR310A) and another for North East Sector (TR310B) were awarded to a joint venture partnership, Eng Lam – United E & P JV, in April 2019.

#### List of Ongoing Maintenance Projects

No	Description of ongoing maintenance projects awarded to a joint venture partnership	Date of Commencement	Estimated Date of Completion	Contract Value (\$)
6.	Road maintenance contract for Expressway (TR310A)	April 2019	March 2022 (EOT to July 2022)	22,543,000
7.	Road maintenance contract for North East Sector (TR310B)	April 2019	March 2022 (EOT to July 2022)	17,067,000

### III. RENTAL INCOME

Rental income contributed \$6.3 million or 9.1 per cent of our Group's total revenue for FY2020, up from 7.1 per cent in the previous year.

The increase in rental income, derived from investment properties, was mainly attributed to rental income generated from the property at 6-8 Bennett Street, East Perth, Australia, which was fully occupied as at the end of FY2020.

# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### FINANCIAL REVIEW

	FY2020 \$'000	FY2019 \$'000	Change \$'000	Change
<b>INCOME STATEMENT</b>				
Revenue				
– Construction	46,065	49,966	(3,901)	(7.8%)
– Maintenance	17,244	25,683	(8,439)	(32.9%)
– Rental income	6,318	5,747	571	9.9%
<b>Total revenue</b>	<b>69,627</b>	<b>81,396</b>	<b>(11,769)</b>	<b>(14.5%)</b>
Cost of sales	(62,251)	(70,551)	(8,300)	(11.8%)
<b>Gross profit</b>	<b>7,376</b>	<b>10,845</b>	<b>(3,469)</b>	<b>(32.0%)</b>
Gross profit margin	10.6%	13.3%		
Other gains, net	10,704	2,543	8,161	320.9%
Expenses				
– Administrative	(12,117)	(10,022)	2,095	20.9%
– Finance	(1,163)	(1,288)	(125)	(9.7%)
Share of results of associated companies and joint ventures (net of tax)	(367)	(1,039)	(672)	(64.7%)
<b>Profit before income tax</b>	<b>4,433</b>	<b>1,040</b>	<b>3,393</b>	<b>326.2%</b>
Income tax expense	(478)	(359)	(119)	(32.9%)
<b>Net profit</b>	<b>3,955</b>	<b>681</b>	<b>3,274</b>	<b>480.8%</b>
Net profit margin	5.7%	0.8%		
<b>Profit attributable to:</b>				
Equity holders of the Company	3,293	(378)	3,671	971.2%
Non-controlling interests	662	1,059	(397)	(37.5%)
	<b>3,955</b>	<b>681</b>	<b>3,274</b>	<b>480.8%</b>



One of OKP's ongoing construction projects involves commuter and road infrastructure works in Pasir Ris and Loyang.



Overall view of jacking shaft in the proposed construction of new infrastructure at Tukang Estate.



	FY2020 \$'000	FY2019 \$'000	Change \$'000	Change
<b>BALANCE SHEET</b>				
<b>Current assets</b>				
– Cash and cash equivalents	79,097	64,638	14,459	22.4%
– Trade and other receivables	9,729	7,137	2,592	36.3%
– Contract assets	14,239	15,666	(1,427)	(9.1%)
– Assets classified as held for sale	–	9,772	(9,772)	n.m.
<b>Non-current assets</b>				
– Investments in joint ventures	36	274	(238)	(86.9%)
– Investments in associated companies	411	1,173	(762)	(65.0%)
– Investment properties	52,107	49,568	2,539	5.1%
– Other receivables	8,925	6,624	2,301	34.7%
– Property, plant and equipment	30,784	23,555	7,229	30.7%
– Intangible assets	1,751	1,781	(30)	(1.7%)
<b>Total assets</b>	<b>197,079</b>	<b>180,188</b>	<b>16,891</b>	<b>9.4%</b>
<b>Current liabilities</b>				
– Trade and other payables	(20,180)	(18,956)	1,224	6.5%
– Contract liabilities	(8,934)	–	8,934	n.m.
– Borrowings	(7,272)	(2,761)	4,511	163.4%
– Provisions	(1,400)	–	1,400	n.m.
– Current income tax liabilities	(763)	(644)	119	18.6%
<b>Non-current liabilities</b>				
– Other payables	(9,914)	(8,256)	1,658	20.1%
– Borrowings	(24,329)	(27,156)	(2,827)	(10.4%)
– Deferred income tax liabilities	(1,104)	(1,253)	(149)	(11.9%)
<b>Total liabilities</b>	<b>(73,896)</b>	<b>(59,026)</b>	<b>14,870</b>	<b>25.2%</b>
<b>Net assets</b>	<b>123,183</b>	<b>121,162</b>	<b>2,021</b>	<b>1.7%</b>
Total shareholders' equity	122,143	120,983	1,160	1.0%
Non-controlling interests	1,040	179	861	480.4%
<b>Total equity</b>	<b>123,183</b>	<b>121,162</b>	<b>2,021</b>	<b>1.7%</b>

n.m.: not meaningful

# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### INCOME STATEMENT

#### REVENUE

Our Group reported a 14.5% or \$11.7 million decrease in revenue to \$69.6 million for the financial year ended 31 December 2020 (FY2020) as compared to \$81.3 million for the financial year ended 31 December 2019 (FY2019). The decrease was due mainly to a 7.8% decrease in revenue from the construction segment to \$46.1 million, and a 32.9% decrease in revenue from the maintenance segment to \$17.2 million, partially offset by a 9.9% increase in rental income.

The decrease in revenue from both the construction and maintenance segments was due mainly to the lower percentage of revenue recognised from a number of existing and newly awarded construction projects during FY2020.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia which has been fully occupied since the second quarter ended 30 June 2019.

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 66.2% (FY2019: 61.4%), 24.7% (FY2019: 31.5%) and 9.1% (FY2019: 7.1%) of our Group's revenue respectively for FY2020.

	The Group	
	Current financial year ended 31 Dec 2020 \$'000	Previous financial year ended 31 Dec 2019 \$'000
<b>COST OF SALES</b>		
Construction and Maintenance	60,270	68,714
Rental income	1,981	1,837
<b>Total cost of sales</b>	<b>62,251</b>	<b>70,551</b>

#### COST OF SALES

Our cost of sales decreased by 11.8% or \$8.3 million from \$70.5 million for FY2019 to \$62.2 million for FY2020. The decrease in cost of sales was due mainly to:

- the decrease in subcontracting 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;
- the decrease in the cost of construction materials due to lower utilisation of materials;
- the decrease in overheads such as upkeep of machineries and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects; and
- the decrease in labour costs as a result of foreign worker levy waiver, during FY2020.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit for FY2020 decreased by 32.0% or \$3.4 million from \$10.8 million for FY2019 to \$7.4 million for FY2020.



Under the Walk2Ride programme, OKP has completed the covered linkway at Damai.

	The Group					
	Current financial year ended 31 Dec 2020		Previous financial year ended 31 Dec 2019		Increase/(Decrease)	
	\$'000	Gross Profit Margin	\$'000	Gross Profit Margin	\$'000	%
<b>GROSS PROFIT AND GROSS PROFIT MARGIN</b>						
Construction and Maintenance	3,039	4.8%	6,935	9.2%	(3,896)	(56.2)
Rental income	4,337	68.6%	3,910	68.0%	427	10.9
<b>Total gross profit</b>	<b>7,376</b>	<b>10.6%</b>	<b>10,845</b>	<b>13.3%</b>	<b>(3,469)</b>	<b>(32.0)</b>



While the rental income segment demonstrated an increase in contribution to gross profit of \$0.4 million from \$3.9 million for FY2019 to \$4.3 million for FY2020, there is a decrease of \$3.9 million in that of the construction and maintenance segments, from \$6.9 million in FY2019 to \$3.0 million in FY2020.

The lower gross profit margin for the construction and maintenance segments was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures.

Overall, the negative impact from the Covid-19 situation on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2020.

### OTHER GAINS, NET

Other gains increased by \$8.2 million or 320.8% from \$2.5 million for FY2019 to \$10.7 million for FY2020. The increase was due mainly to:

- the receipt of payouts and rebates from the government of \$8.6 million which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by Covid-19;
  - the one-off reversal of impairment allowance made of \$1.2 million following the completion of the disposal of a former associated company, CS Amber Development Pte Ltd; and
  - an increase in the gain on foreign exchange of \$0.8 million largely due to the appreciation of Australian dollar against the Singapore dollar,
- which were partially offset by:
- a non-recurring technical management consultancy fee of \$0.6 million in relation to a piling project in Jakarta, Indonesia which was earned in FY2019;
  - an increase in net fair value loss of \$1.3 million resulting from a fair value gain of \$0.6 million in FY2019 to a fair value loss of \$0.7 million in FY2020, arising from the revaluation of some of the investment properties; and
  - a decrease in interest income from bank deposits of \$0.5 million,
- during FY2020.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by \$2.1 million or 20.9% from \$10.0 million for FY2019 to \$12.1 million for FY2020. The increase was largely due to legal fees incurred for an ongoing trial and provision for potential fines of a subsidiary corporation and two employees.

### FINANCE EXPENSES

Finance expenses decreased by \$0.1 million or 9.7% from \$1.3 million for FY2019 to \$1.2 million for FY2020. The decrease was due mainly to the decrease in interest expenses of \$0.2 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Australia due to early repayment of principal, offset by an increase of \$0.1 million in lease liabilities arising from the purchase of plant and machineries during FY2020.

	The Group	
	Financial year ended 31 Dec 2020 \$'000	Financial year ended 31 Dec 2019 \$'000
Lease liabilities	234	144
Notional interest on loan	326	312
Bank borrowing	603	832
	<b>1,163</b>	<b>1,288</b>

### SHARE OF RESULTS OF ASSOCIATED COMPANIES AND JOINT VENTURES

	The Group	
	Financial year ended 31 Dec 2020 \$'000	Financial year ended 31 Dec 2019 \$'000
Share of profit of joint ventures <sup>(a)</sup>	326	97
Share of loss of associated companies <sup>(b)</sup>	(693)	(1,136)
	<b>(367)</b>	<b>(1,039)</b>

The share of results of associated companies and joint ventures increased by \$0.6 million or 64.7% from a loss of \$1.0 million for FY2019 to a loss of \$0.4 million for FY2020. The increase was due mainly to:

- the share of profit of joint ventures mainly from the Group's 50%-owned joint venture partnership, Chye Joo - Or Kim Peow JV,
- which was partially offset by:

- the share of loss of associated companies due mainly to losses incurred by the Group's 25%-held associated company, USB Holdings Pte Ltd,
- during FY2020.



# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### PROFIT BEFORE INCOME TAX

Profit before income tax increased by \$3.4 million or 326.3% from \$1.0 million for FY2019 to \$4.4 million for FY2020. The increase was due mainly to (1) the increase in other gains (net) of \$8.2 million, (2) the decrease in share of loss of associated companies and joint ventures of \$0.6 million, and (3) the decrease in finance expenses of \$0.1 million. The increase was partially offset by (1) the decrease in gross profit of \$3.4 million and (2) the increase in administrative expenses of \$2.1 million, as explained above.

### INCOME TAX EXPENSE

Income tax expense increased by \$0.1 million or 33.1% from \$0.4 million in FY2019 to \$0.5 million in FY2020 due mainly to higher profit before income tax, as explained above.

The effective tax rates for FY2020 and FY2019 were 10.8% and 34.5% respectively.

The effective tax rate for FY2020 was lower than the statutory tax rate of 17.0% due mainly to (1) statutory stepped income tax exemption, (2) a tax rebate of 25% on the corporate tax payable, capped at \$15,000, (3) an overprovision of prior year income tax amounting to \$0.1 million and (4) certain income being not subject to tax.

The effective tax rate for FY2019 was higher than the statutory tax rate of 17.0%, due mainly to (1) to the profit before income tax of \$1.0 million which took into account the share of loss of associated companies and joint ventures of \$1.0 million, which was not tax deductible, (2) the relatively higher corporate tax rate of our Australian subsidiary corporation, and (3) certain non-deductible items added back for tax purposes

### NON-CONTROLLING INTERESTS

Non-controlling interests of \$0.7 million was due to the share of profit of our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in FY2020.

### NET PROFIT

Overall, for FY2020, net profit increased by \$3.3 million or 480.8%, from \$0.7 million for FY2019 to \$4.0 million for FY2020, following the increase in profit before income tax of \$3.4 million, which was partially offset by the increase in income tax expense of \$0.1 million, as explained above.

Our net profit margin increased from 0.8% for FY2019 to 5.7% for FY2020.

## STATEMENT OF FINANCIAL POSITION

### CURRENT ASSETS

Current assets increased by \$5.8 million, from \$97.2 million as at 31 December 2019 to \$103.0 million as at 31 December 2020. The increase was due mainly to:

- an increase in cash and cash equivalents of \$14.4 million. This was due mainly to the cash provided by operating activities of \$18.7 million and increase in effects of currency translation on cash and cash equivalents of \$0.2 million, offset by cash used in investing activities of \$0.3 million and cash used in financing activities of \$4.2 million; and
- an increase in trade and other receivables of \$2.6 million. This was due mainly to (1) an increase in trade receivables from a joint venture, (2) an increase in non-trade receivables from non-related parties arising mainly from government grant receivable, (3) an increase in advance to suppliers/subcontractors due to a portion of advance payment received from government agencies being passed down to the suppliers/subcontractors engaged by the Group, and (4) an increase in deposits arising from deposit paid for acquisition of an investment property, offset by a decrease in trade receivables from non-related parties and a decrease in non-trade receivables from a joint venture arising from capital reduction during FY2019, which were partially offset by:
  - a decrease in contract assets of \$1.4 million, due mainly to a decrease in construction contract due from customers arising from lower unbilled amounts expected to be collected from customers following the lower revenue recognised; and
  - a decrease of \$9.8 million in assets classified as held-for-sale following the completion of the disposal of a former associated company, CS Amber Development Pte Ltd, during FY2020.



The improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates) is one of OKP's ongoing maintenance projects.





## NON-CURRENT ASSETS

Non-current assets increased by \$11.0 million, from \$83.0 million as at 31 December 2019 to \$94.0 million as at 31 December 2020. The increase was due mainly to:

- (a) an increase in investment properties of \$2.5 million, resulting from an exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Australia of \$3.2 million due to appreciation of Australian dollar against the Singapore dollar, offset by a net fair value loss of \$0.7 million arising from the revaluation of some investment properties;
- (b) an increase in other receivables of \$2.3 million due to advances extended to associated companies, USB Holdings Pte Ltd and Chong Kuo Development Pte Ltd; and
- (c) an increase in property, plant and equipment of \$7.5 million resulting mainly from the purchase of a freehold property at 32 Tagore Lane and plant and equipment, which was partially offset by disposal and depreciation of property, plant and equipment,

which were partially offset by:

- (d) a decrease in investments in joint ventures of \$0.2 million arising from dividends received of \$0.4 million and a capital reduction of a joint venture of \$0.1 million, offset by the share of profit of \$0.3 million;
- (e) a decrease in investments in associated companies of \$0.8 million arising from the notional fair value on loan and share of loss of an associated company; and
- (f) a decrease in right-of-use assets of \$0.3 million resulting from the early termination of a dormitory lease, offset by new plant and equipment acquired to support the new and existing projects and the use of state land,

during FY2020.

## CURRENT LIABILITIES

Current liabilities increased by \$16.1 million, from \$22.4 million as at 31 December 2019 to \$38.5 million as at 31 December 2020. The increase was due mainly to:

- (a) an increase in trade and other payables of \$2.6 million arising from (1) an increase in trade payables of \$1.4 million, (2) advances from a non-controlling interest of \$0.1 million, (3) deferred grant income of \$0.5 million arising from the Job Support Scheme for Tier 1 Built Environment sector, and (4) higher accrued operating expenses related to project costs of \$0.6 million;

- (b) an increase in contract liabilities of \$8.9 million from the receipt of advance payments for ongoing public sector projects arising from the support measures for built environment firms affected by Covid-19 during the circuit breaker and extended circuit breaker periods;
  - (c) an increase in bank borrowings of \$4.5 million arising from bank borrowing of \$4.5 million to finance the purchase of the freehold property at 32 Tagore Lane and exchange realignment of \$0.1 million due to appreciation of Australian dollar against the Singapore dollar; and
  - (d) an increase in current income tax liabilities of \$0.1 million due to higher tax provision resulting from higher profits generated,
- during FY2020.

## NON-CURRENT LIABILITIES

Non-current liabilities decreased by \$1.4 million, from \$36.7 million as at 31 December 2019 to \$35.3 million as at 31 December 2020. The decrease was due mainly to (1) a decrease in lease liabilities of \$1.2 million arising from the early termination of a dormitory lease and repayment of lease liabilities, (2) repayment of bank borrowing of \$1.6 million and (3) a decrease in deferred income tax liabilities of \$0.2 million, which were partially offset by an increase in other payables of \$1.6 million during FY2020.

## SHAREHOLDERS' EQUITY

Shareholders' equity, comprising share capital, treasury shares, other reserves, retained profits and non-controlling interests, increased by \$2.0 million, from \$121.2 million as at 31 December 2019 to \$123.2 million as at 31 December 2020. The increase was due mainly to:

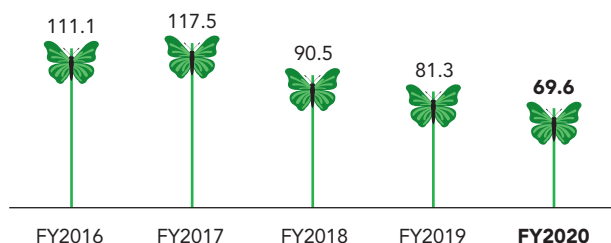
- (a) the profits generated from operations of \$3.3 million attributable to equity holders of the company and non-controlling interests of \$0.7 million arising from the share of profit of Raffles Prestige Capital Pte Ltd; and
  - (b) other comprehensive income arising from currency translation reserve of \$0.4 million;
- which were partially offset by:
- (c) the purchase of treasury shares of \$0.2 million; and
  - (d) the dividend payment to shareholders of \$2.2 million,
- during FY2020.

# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

### REVENUE

REVENUE (\$'Million)

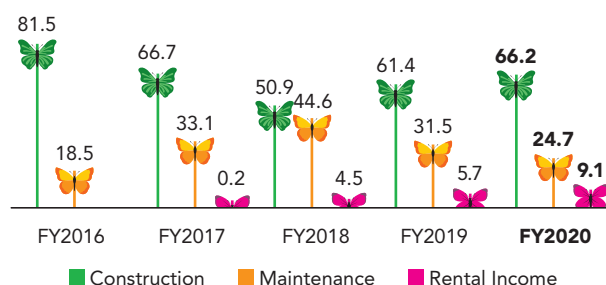


Revenue in FY2020 decreased by 14.5 per cent to \$69.6 million compared to \$81.3 million in FY2019.

The decrease in revenue was due mainly to the construction and maintenance segments, as a result of lower percentage of revenue recognised from several existing and newly awarded construction projects during FY2020. However, the decrease was partially offset by a 9.9 per cent rise in rental income.

The rise in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Australia. Rental income increased to \$6.3 million from \$5.7 million a year ago.

REVENUE BY BUSINESS SEGMENT (Per Cent)

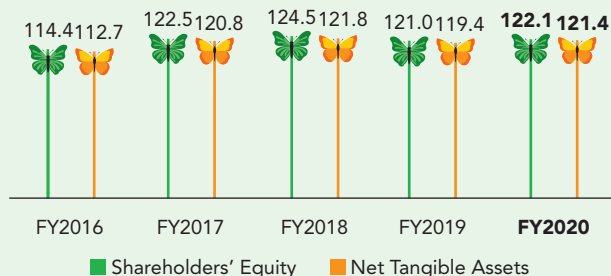


The construction segment continued to be the major contributor to our Group's revenue, contributing \$46.1 million, a decrease of 7.8 per cent compared to FY2019's figure. Revenue from the maintenance segment decreased by 32.9 per cent to \$17.2 million. Rental income went up by 9.9 per cent to \$6.3 million.

On a segmental basis, our construction segment accounted for 66.2 per cent of total revenue, the maintenance segment for 24.7 per cent, and the remaining 9.1 per cent from rental income.

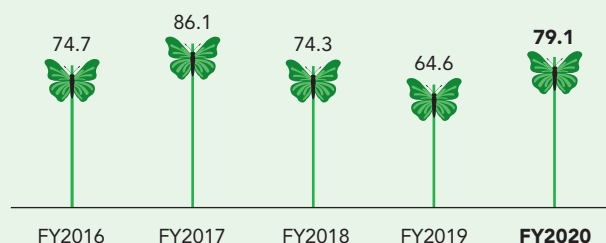
### BALANCE SHEET

SHAREHOLDERS' EQUITY AND NET TANGIBLE ASSETS (\$'Million)



Shareholders' equity increased to \$122.1 million in FY2020 from \$121.0 million in FY2019 and net tangible assets increased to \$121.4 million in FY2020 from \$119.4 million in FY2019.

CASH AND CASH EQUIVALENTS (\$'Million)

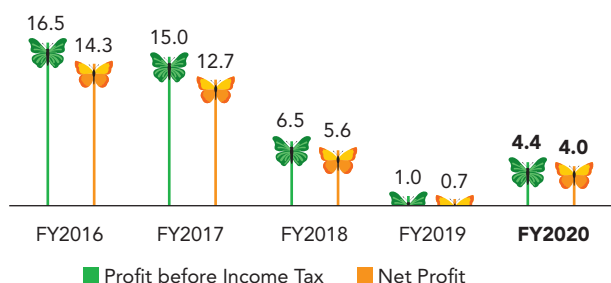


We continue to have a stable and healthy cash flow for FY2020. Our cash and cash equivalents increased from \$64.6 million as at 31 December 2019 to \$79.1 million as at 31 December 2020.



## PROFITABILITY

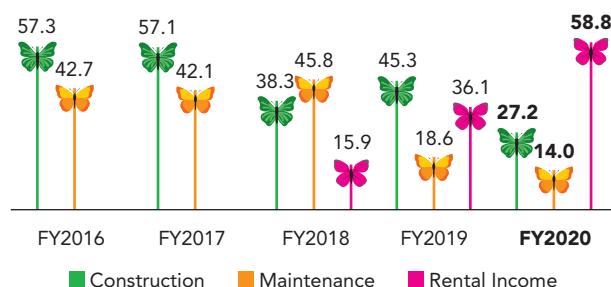
### PROFIT BEFORE INCOME TAX AND NET PROFIT (\$'Million)



Profit before income tax increased by \$3.4 million or 326.3 per cent from \$1.0 million in FY2019 to 4.4 million in FY2020. The increase was due mainly to the increase in other gains (net) of \$8.2 million, the decrease in share of loss of associated companies and joint ventures of \$0.6 million, and the decrease in finance expenses of \$0.1 million. The increase was partially offset by the decrease in gross profit of \$3.4 million and the increase in administrative expenses of \$2.1 million.

Net profit increased by \$3.3 million or 480.8 per cent, from \$0.7 million for FY2019 to \$4.0 million for FY2020, following the increase in profit before income tax of \$3.4 million, which was partially offset by the increase in income tax expense of \$0.1 million.

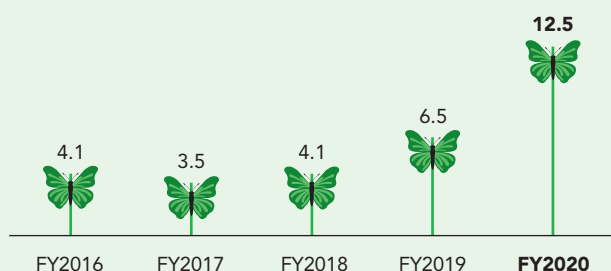
### PROFIT BY BUSINESS SEGMENT (Per Cent)



The decrease in profit contributed from the construction and maintenance segments in FY2020 was due mainly to the lower percentage of revenue recognised from a number of existing and newly awarded projects in FY2020.

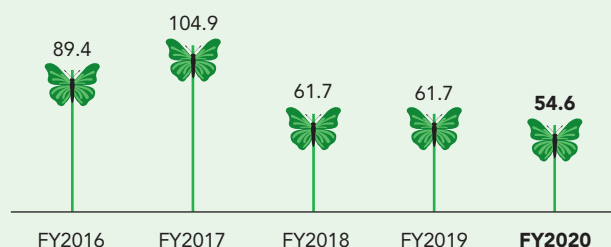
The increase in profit contributed from rental income from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia.

### CAPITAL EXPENDITURE (\$'Million)



Capital expenditure for FY2020 was mainly for the purchase of new plant and equipment to support existing and newly awarded projects.

### MARKET CAPITALISATION (\$'Million)



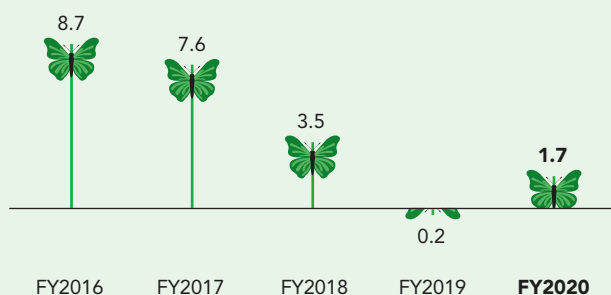
The Group's market capitalisation stood at \$54.6 million as at 31 December 2020, down from \$61.7 million as at 31 December 2019.

# OUR OPERATING AND FINANCIAL REVIEW

## OUR OPERATING AND FINANCIAL REVIEW

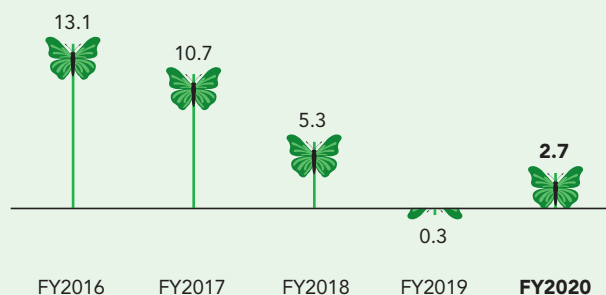
### FINANCIAL RATIOS – PROFITABILITY

#### RETURN ON ASSETS (Per Cent)



Due to the higher net profit, return on assets increased from negative 0.2 per cent in FY2019 to 1.7 per cent in FY2020.

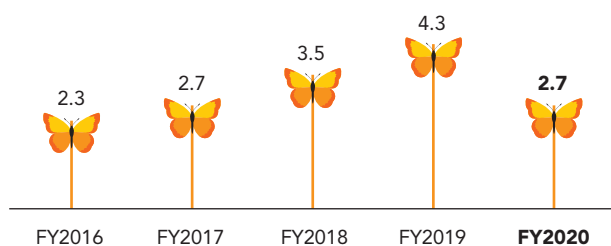
#### RETURN ON EQUITY (Per Cent)



Due to the higher net profit reported in FY2020, return on equity increased from negative 0.3 per cent in FY2019 to 2.7 per cent in FY2020.

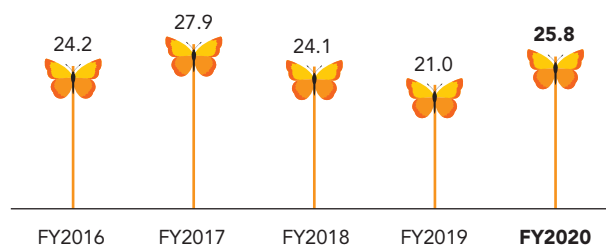
### FINANCIAL RATIOS – LIQUIDITY

#### CURRENT RATIO (Times)



The Group continued to be strong in its short-term financial position as the current ratio stood at 2.7 times for FY2020.

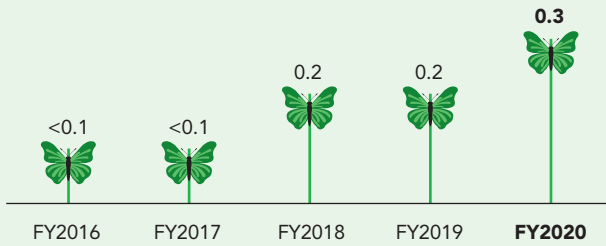
#### CASH PER SHARE (Cents)



With higher cash and cash equivalents, cash per share increased from 21.0 cents per share as at 31 December 2019 to 25.8 cents per share as at 31 December 2020.

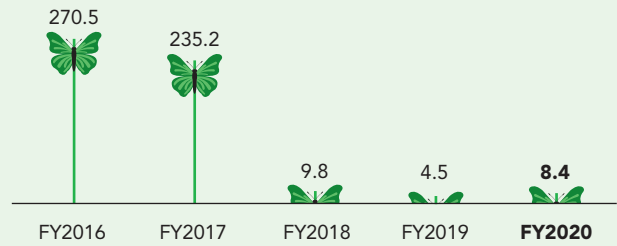
## FINANCIAL RATIOS – LEVERAGE

**TOTAL DEBT TO TOTAL EQUITY RATIO (Times)**



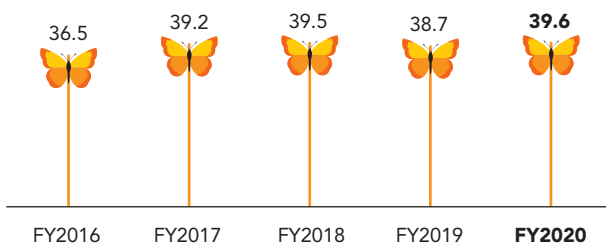
Our debt-to-equity ratio increased to 0.3 times in FY2020 due to the bank loan obtained to finance the purchase of a freehold land and building.

**INTEREST COVER RATIO (Times)**



Our interest cover ratio has increased from 4.5 times in FY2019 to 8.4 times in FY2020 due to higher profits reported in FY2020.

**NET TANGIBLE ASSETS PER SHARE (Cents)**

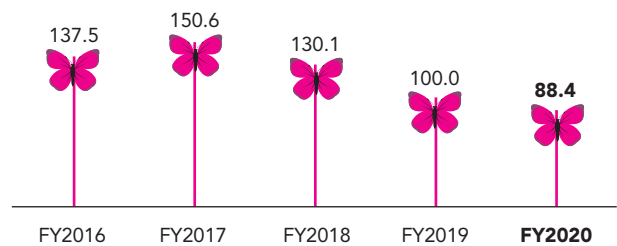


The Group's net tangible assets increased by 1.7 per cent from \$119.4 million in FY2019 to \$121.4 in FY2020.

Net tangible assets per share increased to 39.6 cents per share in FY2020 from 38.7 cents per share in FY2019.

## FINANCIAL RATIO – PRODUCTIVITY

**REVENUE PER EMPLOYEE (\$'000)**



Revenue per employee was \$88,400 in FY2020 as compared to \$100,000 in FY2019 due to the decrease in revenue.

# OUR OPERATING AND FINANCIAL REVIEW

## CORPORATE LIQUIDITY AND CASH RESOURCES

	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000	FY2016 \$'000
<b>GROUP'S CONSOLIDATED STATEMENT OF CASH FLOWS</b>					
Cash flows provided by/(used in) operating activities	18,694	(219)	(2,504)	17,492	28,265
Cash flows used in investing activities	(302)	(3,259)	(36,991)	(174)	(2,024)
Cash flows (used in)/provided by financing activities	(4,223)	(6,151)	27,128	(5,879)	(5,637)
Net increase/(decrease) in cash and cash equivalents	14,169	(9,629)	(12,367)	11,439	20,604
Cash and cash equivalents at the beginning of the financial year	59,551	69,231	81,551	70,112	49,508
Effects of currency translation on cash and cash equivalents	238	(50)	47	–	–
<b>Cash and cash equivalents at the end of the financial year</b>	<b>73,958</b>	<b>59,552</b>	<b>69,231</b>	<b>81,551</b>	<b>70,112</b>
Comprise of:					
Cash at bank and on hand	29,084	14,430	25,702	27,174	16,127
Short-term bank deposits	49,658	49,892	48,451	58,933	58,558
Trust account - Cash at bank	355	316	122	–	–
	79,097	64,638	74,275	86,107	74,685
Short-term bank deposits pledged to banks	(5,139)	(5,086)	(5,044)	(4,556)	(4,573)
<b>Cash and cash equivalents per consolidated statement of cash flows</b>	<b>73,958</b>	<b>59,552</b>	<b>69,231</b>	<b>81,551</b>	<b>70,112</b>



The covered linkway at Cheng Lim Road is one of OKP's projects under the Walk2Ride programme.





OKP is involved in a road maintenance contract for North East Sector at Ang Mo Kio.

We maintain a strong and healthy balance sheet and cash flow position which enable us to explore new infrastructure projects and property investments, either here or overseas.

We reported net cash of \$18.7 million provided by operating activities in FY2020 as compared to net cash of \$0.2 million used in FY2019. The \$18.9 million increase in net cash provided by operating activities was due mainly to:

- (a) an increase in net working capital inflow of \$16.0 million;
- (b) an increase in net cash provided by operating activities before working capital changes of \$2.9 million; and
- (c) a decrease in income tax paid of \$0.5 million, which were partially offset by:
  - (d) a decrease in interest received of \$0.5 million, during FY2020.

Net cash used in investing activities decreased by \$2.9 million was due mainly to:

- (a) proceeds from disposal of assets classified as held for sale of \$11.0 million; and
- (b) capital reduction of a joint venture of \$0.1 million,

which were partially offset by:

- (c) an increase in cash used in the purchase of property, plant and equipment of \$7.5 million;
- (d) an increase in advances extended to an associated company of \$0.5 million; and
- (e) a decrease in dividend received from joint ventures of \$0.2 million, during FY2020.

Net cash of \$4.2 million was used in financing activities in FY2020. This was related to (1) dividend payments to shareholders of \$2.2 million, (2) repayment of lease liabilities of \$3.0 million, (3) interest payments of \$0.8 million, (4) purchase of treasury shares of \$0.2 million, and (5) repayment of borrowings of \$3.2 million, during FY2020.

The outflow was partially offset by an advance from a non-controlling interest of \$0.7 million and proceeds from borrowings of \$4.5 million.

Overall, free cash and cash equivalents stood at \$74.0 million as at 31 December 2020, an increase of \$14.4 million, from \$59.6 million as at 31 December 2019.

This works out to cash of 24.1 cents per share as at 31 December 2020 as compared to 19.3 cents per share as at 31 December 2019 (based on 306,961,464 issued shares (excluding treasury shares) as at 31 December 2020 and 308,430,594 issued shares as at 31 December 2019).



One of OKP's dump trucks newly purchased to support existing and new projects.

# OUR OPERATING AND FINANCIAL REVIEW

## CORPORATE LIQUIDITY AND CASH RESOURCES

	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000	FY2016 \$'000
<b>NET INDEBTEDNESS</b>					
<b>Due within one year:</b>					
– Bank borrowings	5,315	756	768	–	–
– Lease liabilities	1,957	2,005	1,307	1,067	1,120
	7,272	2,761	2,075	1,067	1,120
<b>Due after one year:</b>					
– Bank borrowings	21,190	22,781	23,902	–	–
– Lease liabilities	3,139	4,375	2,125	1,414	2,028
	24,329	27,156	26,027	1,414	2,028
<b>Total debt</b>	<b>31,601</b>	<b>29,917</b>	<b>28,102</b>	<b>2,481</b>	<b>3,148</b>

The lease liabilities of \$5.1 million are secured by way of corporate guarantees issued by the company and charges over the property, plant and equipment under the leases.

The bank borrowings of \$26.5 million is secured by first legal mortgage over an investment property and a freehold property of the Group, certain bank deposits, charge over the Group's shares in a subsidiary

corporation, assignment of rental proceeds from the property and corporate guarantee of the company and one of the Group's subsidiary corporations.

The increase in debt amount from \$29.9 million as at FY2019 to \$31.6 million as at FY2020 as a result of acquisition of a freehold property during FY2020.



32 Tagore Lane is one of OKP's investments properties.



Newly purchased telescopic excavator to support OKP's existing and new projects.



# OUR OPERATING AND FINANCIAL REVIEW

## VALUE ADDED STATEMENT

	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000	FY2016 \$'000					
Revenue	69,627	81,396	90,449	117,530	111,099					
Less:Purchase of goods and services	(39,860)	(45,327)	(42,350)	(64,211)	(58,129)					
<b>Gross value added from operations</b>	<b>29,767</b>	<b>36,069</b>	<b>48,099</b>	<b>53,319</b>	<b>52,970</b>					
Other income	9,992	2,711	2,144	1,020	2,436					
Gain/(loss) on foreign exchange	711	(168)	(778)	(224)	36					
Share of results of associated companies and joint ventures	(367)	(1,039)	(121)	2,520	3,030					
	10,336	1,504	1,245	3,316	5,502					
<b>Total value added available for distribution</b>	<b>40,103</b>	<b>37,573</b>	<b>49,344</b>	<b>56,635</b>	<b>58,472</b>					
<b>DISTRIBUTION</b>		<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>					
<b>To employees</b>										
(1) Salaries and other staff costs	29,763	74	30,866	82	30,752	62	33,844	60	33,501	57
<b>To government</b>										
(1) Corporate and property taxes	552	1	456	1	1,043	2	2,384	4	2,278	4
<b>To providers of capital:</b>										
(1) Finance costs	837		976		900		76		72	
(2) Dividends to shareholders	2,153		3,084		6,169		4,626		4,626	
	2,990	7	4,060	11	7,069	14	4,702	8	4,698	8
<b>Balance retained in the business:</b>										
(1) Depreciation and amortisation	2,166		2,100		2,961		2,812		2,897	
(2) Unappropriated profits	3,293		(378)		6,488		12,716		14,338	
(3) Minority interests	662		1,059		(842)		-		-	
	6,121	16	2,781	8	8,607	18	15,528	28	17,235	30
<b>Non-production costs and income:</b>										
(1) Allowance for impairment of receivables (non-trade)	-	-	-	-	-	-	-	-	758	1
(2) Non-trade receivables written off	-	-	-	-	-	-	27	-	2	-
(3) Fair value loss/(gain) on investment properties	677	2	(590)	(2)	1,873	4	150	-	-	-
<b>Total distribution</b>	<b>40,103</b>	<b>100</b>	<b>37,573</b>	<b>100</b>	<b>49,344</b>	<b>100</b>	<b>56,635</b>	<b>100</b>	<b>58,472</b>	<b>100</b>
<b>PRODUCTIVITY ANALYSIS</b>										
Number of employees	788		814		695		779		808	
Value added per employee (\$'000)	51		46		71		73		72	
Value added per dollar of employment cost	1.3		1.2		1.6		1.7		1.7	
Value added per dollar of investment in fixed assets (before depreciation)	0.6		0.6		0.9		1.1		1.2	
Value added per dollar of revenue	0.6		0.5		0.5		0.5		0.5	

Total value-added created by the Group in FY2020 amounted to \$40.1 million (2019: \$37.6 million) due to higher profits reported in FY2020.

In FY2020, about \$29.8 million or 74.0 per cent of the value-added was paid to employees in the form of salaries and wages. \$0.6 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while \$3.0 million or 7.0 per cent was paid as dividends

and interests to financial institutions. Balance of \$6.1 million was retained by the Group for its future growth.

In FY2019, about \$30.9 million or 82.0 per cent of the value-added was paid to employees in the form of salaries and wages. \$0.5 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while \$4.1 million or 11.0 per cent was paid as dividends and interests to financial institutions. Balance of \$2.8 million was retained by the Group for its future growth.



# OUR OPERATING AND FINANCIAL REVIEW

## OUR PROPERTY PORTFOLIO



### THE ESSENCE

Development Property  
SINGAPORE - Ongoing

Type	Stake	Expected TOP
Apartment	22.5%	February 2023
Location	Tenure	Gross Floor Area
Chong Kuo Road	99-year leasehold	64,552 sq ft
Acquisition Cost	Units	Gross Land Area
\$43.9 million	84	46,101 sq ft

The Group, together with a joint venture partner, won the bid to acquire a land parcel at Chong Kuo Road for \$43.9 million in February 2018 to redevelop the 99-year leasehold site into an 84-unit condominium comprising two five-storey blocks.

Launched in March 2019, The Essence comprised one-bedroom to three-bedroom apartments and is equipped with facilities including a lap pool, kids' pool, gymnasium and pool pavilion. Surrounded by beautiful parks and nature reserves, The Essence is also located near the upcoming Springleaf MRT station and a short distance away from shopping malls and schools in the neighbourhood. The Essence is expected to receive its temporary occupation permit (TOP) in February 2023.

The project bagged a total of three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at the Property Guru Asia Property Awards Singapore 2019.



### PHOENIX RESIDENCES

Development Property  
SINGAPORE - Ongoing

Type	Stake	Expected TOP
Apartment	25.0%	November 2023
Location	Tenure	Gross Floor Area
Phoenix Road	99-year leasehold	59,855 sq ft
Acquisition Cost	Units	Gross Land Area
\$33.1 million	74	42,754 sq ft

Acquired at \$33.10 million in 2018 through a successful tender by the Group's 25.0 per cent-owned associated company, USB Holdings Pte. Ltd., Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure.

Surrounded by the greenery of the Bukit Batok Golf Range and Bukit Timah Nature Reserve, Phoenix Residences is located within close proximity to Phoenix LRT Station and other MRT stations, and is also served by many bus services. Phoenix Residences is also a short distance away from shopping malls with supermarkets and restaurants and schools in the vicinity. The project is expected to receive its TOP in November 2023.





## LAKELIFE

Development Property  
**SINGAPORE** - Completed

Type	Stake	Completion
Executive Condominium	10.0%	2016
Location	Tenure	Gross Floor Area
Yuan Ching/ Tao Ching Road	99-year leasehold	645,835 sq ft
Acquisition Cost	Units	Gross Land Area
\$272.8 million	546	217,300 sq ft

LakeLife is a 546-unit executive condominium project with 99-year leasehold tenure at Yuan Ching Road. Launched in 2014, LakeLife boasts the record of being the fastest seller in the district, with more than 1,200 e-applications within three days of its launch and sold 95 per cent of the units on the day of its launch.

Strategically located along Yuan Ching Road/Tao Ching Road in Jurong West, the site overlooks the Jurong Lake District. With Jurong Lake Park, Chinese Garden and Japanese Garden within the vicinity, residents of LakeLife EC enjoy lush greenery and a panoramic view of the parks. The Ayer Rajah Expressway and Pan Island Expressway, which are within close proximity, provide easy access island-wide, alongside the convenience of public transportation serving the area. There are nearby amenities such as schools, hawker centres, market and large-scale shopping malls.

LakeLife was completed in 2016 and fully sold in 2017.



# OUR OPERATING AND FINANCIAL REVIEW

## OUR PROPERTY PORTFOLIO



### 6-8 BENNETT STREET

Investment Property  
**AUSTRALIA**

#### Type

Office Building

#### Stake

51%

#### Location

6-8 Bennett Street in East Perth

#### Tenure

Freehold

#### Net Lettable Area

109,997 sq ft

#### Fair Value as at 31 Dec 2020

\$44.4 million

#### Land Area

33,530 sq ft

The Group, together with a joint venture partner, expanded its footprint overseas by acquiring its first overseas property, a freehold office complex in Perth, Australia for A\$43.5 million in April 2018.

This property at 6-8 Bennett Street in East Perth, Australia has contributed to the Group's rental income. Located 900 metres west of the Central Business District of Perth, it comprises a four-storey building, a Grade A nine-storey building and a multi-storey car park. This modern property is 100 per cent occupied by a mix of government and corporate tenants.



### 35 KRETA AYER ROAD

Investment Property  
**SINGAPORE**

#### Type

Three-storey shophouse

#### Stake

51%

#### Location

35 Kreta Ayer

#### Tenure

Freehold

#### Gross Floor Area

4,240 sq ft

The Group acquired 35 Kreta Ayer Road for \$11.3 million in January 2021. The property has a freehold tenure and comprises a three-storey with attic shophouse.

The property is located in the bustling Bukit Pasoh Conservation Area. It is located just 100 metres to the upcoming Maxwell MRT station on the Thomson-East Coast Line, which is slated to open in 2021. The property is also within walking distance to Outram Park MRT interchange and Chinatown MRT interchange.



### 190 MOULMEIN ROAD, #10-03 THE HUNTINGTON

Investment Property  
**SINGAPORE**

#### Type

Apartment

#### Stake

100%

#### Location

190 Moulmein Road,  
#10-03 The Huntington

#### Tenure

Freehold

#### Gross Floor Area

1,152 sq ft

#### Fair Value as at 31 Dec 2020

\$1.9 million

This freehold apartment at 190 Moulmein Road has a fair value of \$1.9 million. It was purchased for investment.





### 6 TAGORE DRIVE B1-05

Investment Property  
SINGAPORE

**Type**

Office unit

**Stake**

100%

**Location**

6 Tagore Drive B1-05

**Tenure**

Freehold

**Gross Floor Area**

2,486 sq ft

**Fair Value as at 31 Dec 2020**

\$1.6 million

This freehold office unit with a fair value of \$1.6 million is held for investment.



### 6 TAGORE DRIVE B1-06

Investment Property  
SINGAPORE

**Type**

Office unit

**Stake**

100%

**Location**

6 Tagore Drive B1-06

**Tenure**

Freehold

**Gross Floor Area**

2,626 sq ft

**Fair Value as at 31 Dec 2020**

\$1.6 million

This freehold office unit at 6 Tagore Drive B1-06 has a fair value of \$1.6 million. It is held for investment.



### 7 WOODLANDS INDUSTRIAL PARK E2

Investment Property  
SINGAPORE

**Type**

Factory

**Stake**

100%

**Location**

7 Woodlands Industrial Park E2

Tenure

**Tenure**

60-year lease from 25 September 2006

**Gross Floor Area**

7,319 sq ft

**Fair Value as at 31 Dec 2020**

\$2.6 million

This factory at 7 Woodlands Industrial Park E2, which has a fair value of \$2.6 million, was purchased for investment. It has a 60-year lease from 25 September 2006.

**ACHIEVING GROWTH & SUCCESS  
IN SYNC WITH PARTNERS**



A close-up photograph of several purple flowers with yellow centers, set against a vibrant blue background. The flowers are in sharp focus in the lower-left corner, while the rest of the image is softly blurred. Two horizontal red lines are positioned above and below the text block.

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To ensure growth and success for our Group, we work in sync with our partners to fulfil their projects on time and on budget and with high professional quality. We also seek to extend our business networks in order to secure more new projects.

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# GOVERNANCE AND SUSTAINABILITY

## SUSTAINABILITY REPORT

### SUSTAINABILITY STRATEGY

The Board is of the view that sustainability means operating our business in such a way that is not only financially rewarding but also makes a positive impact on our stakeholders and the environment. It is a strategic approach that leads to good management, better efficiencies and sound business performance. We give priority to sustainability issues in planning our strategies for the company. The Board is dedicated to sustainability and fully endorses the adoption of the new Singapore Exchange (SGX) sustainability reporting guidelines for all listed companies.

### SUSTAINABILITY FRAMEWORK

The Group reports on its sustainability performance according to the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

### SUSTAINABILITY GOVERNANCE

With the Covid-19 pandemic causing disruption of businesses worldwide, companies are compelled to undertake prompt actions to deal with the crisis.

During the financial year ended 31 December 2020, the Board together with the management reviewed OKP's sustainability goals, challenges, targets and progress, especially during this Covid-19 crisis. The management provides regular updates to the Board, and in turn, the management is evaluated by its success in implementing the company's strategic plans to meet the expectations of stakeholders' and the Board.

This report aims to communicate OKP's strong commitment towards corporate sustainability and corporate governance. It seeks to include complete and available information on the Group's strategy in relation to its sustainability method and related key issues according to recognised standards.

### MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS – POLICIES, PRACTICES, PERFORMANCE AND TARGETS

The Group recognises the growing significance that our stakeholders attach to Environmental, Social and Governance (ESG) issues and the meaningful impact that OKP can have on the environment and society.

We continue to ascertain and evaluate the material ESG factors in our business to ensure they are on the right course.

As sustainability issues and risks go through numerous changes, we see this as an ongoing journey as we move towards our 2022 sustainability goals.

On behalf of the Board  
**OR TOH WAT**  
Group Managing Director





The Group believes that sustainability is about adopting methods which address and tackle environmental, social and governance issues facing our business. We aim to be a progressive and reliable company with a commitment to corporate responsibility and sustainability. We want to be a responsible corporate citizen, providing clear disclosure of the economic, social and governance aspects of our business performance to all our stakeholders, as well as putting in place a monitoring framework.

Since 2010, OKP has published annual reports on nurturing the environment, empowering people and the community, and fortifying corporate governance.

This is the sixth year that the Group is presenting a sustainability report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and Practice Note 7.6 Sustainability Reporting Guide and Rules 711A and 711B of the SGX Listing Manual. The report is for the financial year from 1 January 2020 to 31 December 2020. The current report is not subject to any external assurance. We may consider seeking external assurance in the future.

The Group's phased approach to sustainability reporting:

Primary Components	Adoption		
	FY2020	FY2021	FY2022
<b>Material environmental, social and governance (ESG) factors</b>	We have identified and addressed the most critical factors	We will review factor assessment and add factors, which have become material and remove existing factors which are no longer material	We will review factor assessment and add factors, which have become material and remove existing factors which are no longer material
<b>Policies, practices and performance</b>	We have described how we managed the material factors in the "Risk Assessment and Management" section of this Annual Report	We will describe and include specific policies and practices for each material factor	We will describe and include specific policies and practices for each material factor
<b>Targets</b>	We have disclosed some quantitative performance indicators	We will disclose some quantitative performance indicators	We will disclose some quantitative performance indicators
<b>Sustainability Reporting Framework</b>	GRI	GRI	GRI
<b>Board Statement</b>	Complied	Will comply	Will comply



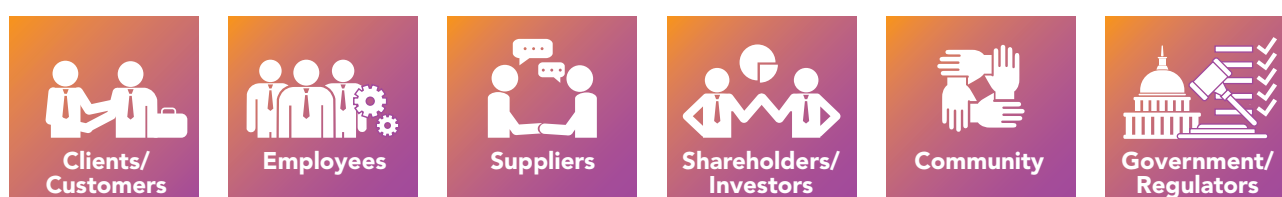
# GOVERNANCE AND SUSTAINABILITY

## SUSTAINABILITY REPORT

### INCREASING STAKEHOLDER ENGAGEMENT

The Group aims to develop and provide sustainable value to all its stakeholders. To achieve this aim, we endeavour to provide quality products and services, ensure that our customers are satisfied, be an employer of choice, oversee our supply chain well, and nurture our environment and community. It is a priority to engage our stakeholders regularly and reassure them of OKP's unchanging commitment.

By assessing the significance and impact of stakeholders' interests on our business, OKP has identified six key stakeholder groups:



Stakeholders	Key Topics	Engagement Platform	OKP's Commitment
<b>Clients/Customers</b>	Site safety, delivery of services on time	Meetings, feedback channels such as email communication	Provide clients/customers with excellent service on time, within budget and with emphasis on high standards of quality, reliability and safety
<b>Employees</b>	People development	Training	Develop our employees to their full potential by offering training and staff development, a fair and equitable reward system and a safe working environment
<b>Suppliers</b>	Compliance, safety, delivery of services on time	Regular meetings with key suppliers and site visits by the management	Cultivate and strengthen relationships with our suppliers and monitor our supply chain to achieve project excellence and the highest environmental, health and safety standards
<b>Shareholders/Investors</b>	Business strategy	Conference calls, shareholders' meetings, results webcast, emails and Q&A portals	Maximise shareholder return on investment through solid fundamentals and strategies while maintaining excellence in our products and services
<b>Community</b>	Community investment	Meetings, donations	Contribute to the community by supporting various charitable causes and organisations and minimise any adverse impact on the environment as a good corporate citizen
<b>Government/Regulators</b>	Opportunities for business collaboration, sharing of industry best practices, compliance	Industry networking functions, overseas study trips and meetings, attend seminars conducted by the regulators, maintain communication channels with the regulators	Shape the business environment in which we operate. We track topics of concern to government to ensure that our businesses are equipped to meet the legislative and regulators' requirement

During the Covid-19 pandemic:

Stakeholders	Impact of Covid-19	OKP's mitigation response with government support
<p><b>Clients/ Customers</b></p>	<p>The escalation of the Covid-19 outbreak in Singapore led to the Government implementing a circuit breaker (CB) period from 7 April 2020 to 4 May 2020, which had been extended to 1 June 2020. During this period, the Group had temporarily ceased construction activities at its ongoing projects in compliance with the measures.</p> <p>The CB period has disrupted the Group's operations and caused delays to project completion timelines.</p>	<p>During the CB period, the Group continued to perform housekeeping, safety and environmental maintenance works at its project sites.</p> <p>A universal Extension of Time (EOT) of 122 days for the delay occurring in the period between 7 April 2020 and 6 August 2020 (both dates inclusive) has been granted for the Group's construction contracts. This was in consideration of construction works having stopped for approximately two months during the CB period and further delayed as the foreign worker dormitories were progressively cleared of Covid-19 by early August 2020. The extended completion date will be treated as the new completion date for the purpose of the construction contract in accordance with COVID-19 (Temporary Measures) Act 2020.</p> <p>The Group is working very closely with customers to mitigate the loss of revenue during the CB and manage the project completion timelines.</p> <p>Our customers allow the Group to claim for additional payment for losses and expenses sustained or incurred arising from delay of works attributed to Covid-19, which is beyond both parties' control.</p> <p>The Group received support from and gave support to our customers in good times and bad, as partners.</p>
<p><b>Employees</b></p>	<p>Following the Covid-19 outbreak, the Group had been impacted significantly in terms of manpower. The 14-day stay-home notice for the period from 20 April 2020 to 4 May 2020 for all work permit holders and S Pass holders in the construction sector that was issued by the Ministry of Manpower and the lockdown of dormitories from 22 April 2020 had added on to the overall disruption to the Group's operations.</p> <p>The work halt during the CB period threatened job security.</p> <p>The pandemic will affect health and safety of all employees.</p>	<p>The Group has instituted safe distancing measures and embrace work from home arrangements to the furthest extent possible.</p> <p>The Group also provides reusable face masks and hand sanitisers to employees and facilitates telecommuting.</p> <p>In response to the crisis, the government has introduced various support measures to alleviate the impact of Covid-19 such as the Jobs Support Scheme (JSS), and foreign worker levy waiver and rebate.</p> <p>The Building and Construction Authority (BCA) introduced COVID-Safe Firm-Based and COVID-Safe Project-Based supports to assist the Group to defray additional costs incurred in ensuring project sites comply with Covid-safe requirements.</p>

# GOVERNANCE AND SUSTAINABILITY

## SUSTAINABILITY REPORT

Stakeholders	Impact of Covid-19	OKP's mitigation response with government support
<b>Employees (cont'd)</b>	<p>In addition, foreign worker dormitories in Singapore were significantly affected by Covid-19, leading to a shortage of manpower. The Singapore government had also implemented tighter restrictions, which further impacted the availability of manpower.</p> <p>While Singapore has entered Phase 3 of re-opening in December 2020 and construction work has started to resume progressively, manpower constraints remain.</p>	<p>Mandatory use of Safe Entry system for all employees for contact tracing purposes, twice-daily temperature checks for employees on site, safe distancing (1 metre) rules enforced at all times, minimising face-to-face meetings or employee gatherings, masks to be worn at all times during working hours, split team arrangements with different working hours for each department, regular reminders on observing personal hygiene and clear guidelines in the event that any employee feels unwell, with a dedicated quarantine area set aside.</p>
<b>Suppliers</b>	<p>Many businesses found out the hard way that maintaining visibility on associated risks in their supply chain is critical.</p> <p>Supply chains across the world had been disrupted due to measures implemented by the authorities to fight the virus. This had resulted in a shortage of construction materials.</p> <p>Impacts downstream suppliers, who might be unable to perform contractual obligations due to physical restrictions or financial difficulties due to additional costs arising from Covid-19.</p>	<p>With lockdowns in place in many countries, businesses had been forced to seek alternative suppliers.</p> <p>The Group conducted a supplier assessment exercise as part of our sustainability reports to deal with both foreseen and unforeseen circumstances. We considered our supply chain and assessed the impact of potential lockdowns.</p> <p>The Group extended assistance to suppliers/subcontractors where possible and not insisting on strict legal rights.</p>
<b>Shareholders/ Investors</b>	<p>The company keeps shareholders/investors updated on the impact of Covid-19 on the Group.</p>	<p>The company provides timely and accurate updates on the impact of Covid-19 as and when appropriate.</p>



Stakeholders	Impact of Covid-19	OKP's mitigation response with government support
<b>Community</b>	The Group supported the migrant community by contributing to the Migrant Workers' Assistance Fund. The fund is used to provide daily necessities, hygiene and protection items and ex-gratia, food and accommodation for workers displaced because of the economic downturn resulting from this unprecedented Covid-19 crisis.	The Group contributed to two compassionate funds to support construction companies and migrant workers in view of the Covid-19 pandemic: <ul style="list-style-type: none"> <li>(a) Singapore Contractors Association (SCAL) – Singapore Business Federation (SBF) Foundation Compassion Fund to help the construction sector with temporary relief to ease financial difficulties of construction companies; and</li> <li>(b) Association of Small and Medium Enterprises (ASME)-SBF Foundation Compassion Fund for Migrant Workers to provide these workers with support and assistance.</li> </ul>
<b>Government/Regulators</b>	The Group complied with the Covid-19 regulations.	Regular virtual communication with the relevant government agencies and providing feedback on the impact of the Covid-19 and which support measures were most helpful to the Group. <p>In response to the crisis, the government has introduced various support measures as above.</p> <p>SGX Regco provided a grant to the Group to help to defray additional costs of organising virtual AGMs to mitigate the challenges caused by the safe distancing and visitor restrictions.</p>



Improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas) is an ongoing maintenance project.

# GOVERNANCE AND SUSTAINABILITY

## SUSTAINABILITY REPORT

The company is committed to hearing from all its stakeholders and we welcome feedback on this report. For enquiries, please contact the CSR Department at okpcsr@okph.com.

Based on our engagement with stakeholders, we have identified the following key material ESG factors that have an impact on our business:

Primary Factor	Material Components	Performance Measures	2020 Performance	2021 Target
<b>Economic</b>	1 Economic performance	Value-added performance	Value-added performance has increased from \$37.6 million in FY2019 to \$40.1 million in FY2020	Improvement in value-added performance indicator
		Financial performance	For more details, please refer to page 55 of this Annual Report	Improvement in revenue and profit
	2 Anti-corruption	Zero tolerance towards fraud, corruption and unethical actions	No incident of corruption and fraud	Adhere to the Group's zero tolerance towards fraud, corruption and unethical actions
<b>Environment</b>	3 Water consumption	Water consumption (Cu M)	Water consumption increased by 52.5% in FY2020 due to workers staying in the Group's dormitories all the time during the CB period from 7 April 2020 to 1 June 2020	Reduce water consumption by 5%
	4 Electricity consumption	Electricity consumption (kWh)	Higher electricity consumption by 10.4%	Reduce electricity consumption by 5%
	5 Fuel Consumption (by lowering fuel consumption in construction vehicles and heavy machineries)	Diesel consumption (litres)	Lower diesel consumption by 24.1% in FY2020 due to the stoppage of work during CB period from 7 April 2020 to 1 June 2020	Reduce diesel consumption by 5%
	6 Minimisation of material wastage	Rate of construction material wastage	Maintained construction material wastage at 3%	Reduce construction material wastage from 3% to 2%
<b>Social and Governance</b>	7 Health and safety (minimising risk of accidents through education programmes in order for the employees to act responsibly)	Fatal incident rate	No fatalities and workplace accidents reported	Zero fatality rate
	8 Training and education of employees	Training hours and costs	6.9 hours of training per employee in FY2020 as compared to 8.8 hours in FY2019	To increase the training hours and training costs by 5%
	9 Participation in local programmes such as donations, education programmes, building infrastructure for liveable communities, supporting sustainable community development	Total CSR spending per annum	CSR spending has decreased by 79.8% in FY2020	We will continue to actively participate in CSR initiatives
	10 Employee retention	Staff turnover rate	Staff turnover rate has maintained at 10.3% in FY2019 and 10.4% in FY2020	To maintain the staff turnover rate below 10%
	11 Diversity i.e. embedded diversity in the company's culture, creating a more flexible working environment	Percentage comparison of male and female employees	No changes to the percentage comparison of male and female employees in FY2020 and FY2019	Ensure equal opportunity and non-discrimination towards both males and females
	12 Supplier chain management	To strengthen our supply chain management efforts	Continue to source our supplies in a socially responsible manner and enhance customer satisfaction. For more details, please refer to page 70 of this Annual Report	Drive responsible business practices across the supply chain

We have prioritised them using a matrix. The following matrix plots the potential issues based on likelihood and impact.

Likelihood of influence on external stakeholders	High			7. Health and Safety 2. Anti-Corruption
	Medium	3. Water Consumption 4. Electricity Consumption 5. Diesel Consumption 9. Participation in Local Programmes	1. Economic Performance 6. Waste Minimisation 12. Supply Chain Management	8. Training and Education of Employees 10. Employee Retention
	Low	11. Diversity		
		Low	Medium	High
		Impact to our business		

## NURTURING THE ENVIRONMENT

The Group is fully aware of its responsibility for nurturing the environment and minimising negative environmental consequences at its construction sites and the environment where OKP operates. We keep a close watch on energy (both electricity and diesel), waste and water management at our workplaces to ensure that we use our resources sensibly and efficiently. During FY2020, although water and electricity consumption had increased, diesel consumption had decreased, compared to the previous year. Material wastage remained constant at 3 per cent. We actively manage the emissions from all our operations to make sure that we manage the environmental impact.

Playing an active role in promoting a green environment, the company has been acknowledged for its environmentally-friendly initiatives. Since 2012, we have won seven awards for being a green and gracious builder and one construction environmental award.

The Group adopts a holistic approach in managing the environmental impact of its activities and other risks in its supply chain. In managing our supply chain, OKP has established a process for choosing its suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We engage our potential and current suppliers through frequent reviews and feedback to ensure that they have

the right capabilities, track record and sufficient resources to support our projects and activities. During the year, OKP was fined for five (2019: two) incidences of mosquito breeding.



OKP is involved in constructing of covered linkways to Thomson-East Coast Line (TEL) Stage 1, 2 and 3 Stations (Woodlands Drive).

# GOVERNANCE AND SUSTAINABILITY SUSTAINABILITY REPORT

Below are OKP's key economic performance and key environmental performance indicators:

## KEY ECONOMIC PERFORMANCE INDICATORS

	2020	2019
Revenue (\$'000)	69,627	81,396
Value added available for distribution (\$'000)	40,103	37,573
Net profit (\$'000)	<b>3,955</b>	<b>681</b>

## KEY ENVIRONMENTAL PERFORMANCE INDICATORS

	2020	2019
Water consumption (Cu M)	35,827	23,498
Electricity consumption (kWh)	678,382	614,288
Diesel consumption (cu/m)	1,910,135	2,513,042
Material wastage	3%	3%
Fatal accident	-	-

## EMPOWERING PEOPLE AND THE COMMUNITY

The Group aims to empower its people and the community. We aim to be a reliable and caring employer to our 788-strong talent pool by providing training and developing them to reach their fullest potential, so that they can enjoy meaningful and rewarding careers within the organisation. We provide them with a safe working environment, training and career advancement and a fair and equitable system that rewards their productivity and performance. The company does not have any collective bargaining agreement with its workforce.

At OKP, we have established a culture of safety by championing safety and environmental awareness programmes to ensure the health and safety of our workforce and others, who visit or work at our worksites and premises. The company also monitors energy, waste and water management at its worksites and offices to make sure that it is using resources effectively and in a meaningful and responsible way.

Since 2006, OKP has won 22 safety awards in recognition of its outstanding performance in occupational safety and health management and accident-free environment.



One of OKP's construction projects involves improvement works for Sungei Tampines (Tampines Avenue 7 to Tampines Expressway).

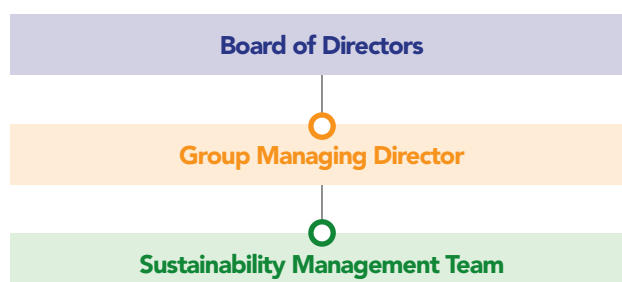
As a responsible and good corporate citizen, we empower our people to support the community. We believe we should care for the disadvantaged and less privileged in our society through our various donations, sponsorships and voluntary work. Through this way, we also improve our reputation as a good corporate citizen, who takes corporate social responsibilities seriously.

## FORTIFYING CORPORATE GOVERNANCE

To fulfil its vision to be the leading transport infrastructure and civil engineering company in Singapore, the region and beyond, OKP seeks to fortify its corporate governance, besides nurturing the environment and empowering its people and the community.

To enhance our corporate governance, we are committed to the principles of sustainability reporting. The Group aims to improve its performance in financial reporting as well as reporting on non-financial matters such as corporate governance, and social and environmental responsibilities.

The company has established a structure to govern its sustainability function. Under the direction of the Board of Directors, the Group Managing Director proactively oversees a Sustainability Management Team.





Thus, our approach is both open and transparent in providing the latest and most relevant information on our financial and non-financial business performance to all our stakeholders. We make it our priority to share appropriate data relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance so as to keep our stakeholders well informed. We also place importance in maintaining a high standard of ethical practices and transparency in dealing with our stakeholders.

As a public company listed on the Singapore Exchange, the Group seeks to sustain its growth, and operate its business ethically and profitably, with a high commitment to maintaining excellent standards in corporate governance and judicious risk management. Our firm view is that we will continue to be a strong and sustainable company, which is able to overcome unpredictable challenges to become a stable business that brings long-term value to all our shareholders.

Below are our social and governance performance indicators:

	2020	2019
Training hours	5,444 hours	7,163 hours
Training hours per employee	6.9 hours	8.8 hours
Training costs (net of government grants)	\$85,000	\$138,000
Total CSR spending per annum	\$21,000	\$106,000
Staff turnover rate	10.4%	10.3%
Employees by gender		
– Male	92%	93%
– Female	8%	7%

In summary, we aim to sustain our business growth and profitability by our commitment to sound corporate governance, strong financial management and professional operation; and empower our staff through our initiatives to nurture and reward them for excellent work efforts. In addition, we aim to provide a positive impact on the community by safeguarding better corporate social responsibility; and promote a greener environment by executing environment-friendly activities in all our undertakings.



Safety talk given by supervisor to workers.

# GOVERNANCE AND SUSTAINABILITY SUSTAINABILITY REPORT

## GRI CONTENT INDEX

### GENERAL STANDARD DISCLOSURES

GRI Standard	Disclosure	Page Reference	Annual Report Section
<b>Strategy &amp; Analysis</b>			
<b>GRI 101: Foundations 2016</b>		62-75	Sustainability Report
<b>Organisation Profile</b>			
<b>GRI 102: General disclosure 2016</b>	102-1	Name of the organisation	Cover page
	102-2	Activities, brands, products, and/or services	18-19
	102-3	Location of headquarters	35
	102-4	Location of the operations	34
	102-5	Ownership and legal form	227-228
	102-6	Markets served	38, 56-59
	102-7	Our Scale of the organisation	38-51
	102-8	Information on employees and other workers	76-80
	102-9	Supply chain	69-70
	102-10	Significant changes to the organisation and its supply chain	69-70
	102-11	Precautionary principle or approach	123-131
	102-12	External initiatives	81-82
	102-13	Membership of associations	81-82
<b>Strategy</b>			
	102-14	Statement from senior decision-maker	4-7
<b>Ethics and Integrity</b>			
	102-16	Values, principles, standards, and norms of behaviour	3
<b>Governance</b>			
	102-18	Governance structure	70

GRI Standard	Disclosure	Page Reference	Annual Report Section	
<b>Stakeholder Engagement</b>				
	102-40	List of stakeholder groups	64	Sustainability Report
	102-41	Collective bargaining agreements	64, 70	Sustainability Report
	102-42	Identifying and selecting stakeholders	64	Sustainability Report
	102-43	Approach to stakeholder engagement	64	Sustainability Report
	102-44	Key topics and concerns raised	64	Sustainability Report
<b>Reporting Practice</b>				
	102-45	Entities included in the consolidated financial statements	170, 172, 176	Financial Statements - Notes to the Accounts
	102-46	Defining report content and topic boundaries	123-131	Risk Assessment and Management
	102-47	List of material aspects	68-69	Sustainability Report
	102-48	Restatements of information	No restatement	
	102-49	Changes in reporting	63	Sustainability Report
	102-50	Reporting period	62	Sustainability Report
	102-51	Date of most recent report	62	Sustainability Report
	102-52	Reporting cycle	62	Sustainability Report
	102-53	Contact point for questions regarding the report	68	Sustainability Report
	102-54	Claims of reporting in accordance with the GRI Standards	63	Sustainability Report
	102-55	GRI content index	72-75	Sustainability Report
	102-56	External assurance	63	Sustainability Report

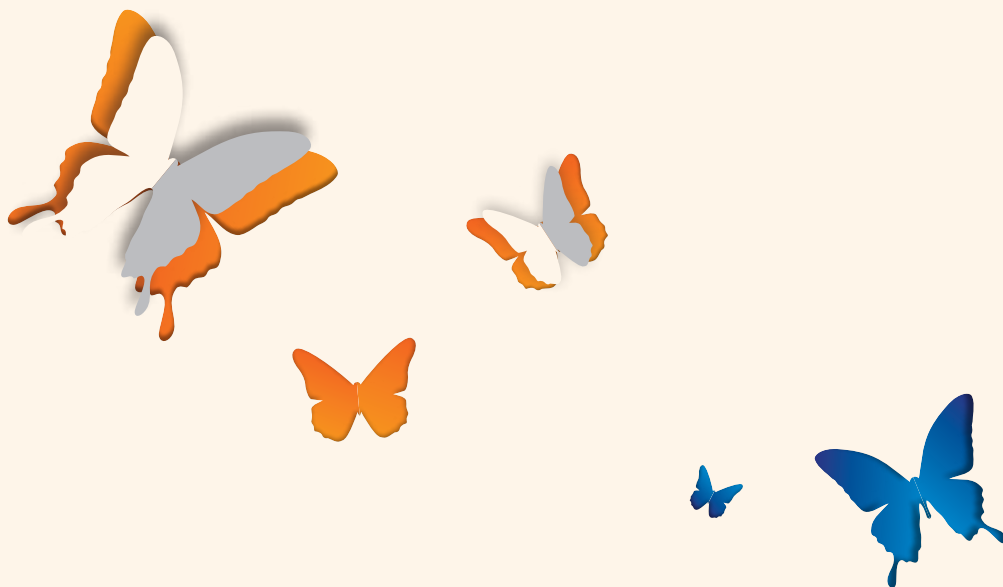
#### TOPIC- SPECIFIC

GRI Standard	Disclosure	Page Reference	Annual Report Section	
<b>Economic Standards</b>				
<b>GRI 103: Management approach 2016</b>	102-1	Name of the organisation	Cover page	Annual Report Cover page
	103-2	The management approach and its components	68-69	Sustainability Report
	103-3	Evaluation of the management approach	68	Sustainability Report
<b>GRI 201: Economic performance 2016</b>	201-1	Direct economic value generated and distributed	55, 70	Value Added Statement and Sustainability Report
	201-2	Financial implications and other risks and opportunities due to climate change	123-131	Risk Assessment and Management
	201-4	Financial assistance received from government	196	Financial Statements Notes to the Accounts

# GOVERNANCE AND SUSTAINABILITY SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page Reference	Annual Report Section	
<b>GRI 202: Market Presence 2016</b>	202-2	Proportion of senior management hired from the local community	76	Our People
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and service supported	81	Corporate Social Responsibility
<b>GRI 205: Anti-corruption 2016</b>	205-2	Communication and training about anti-corruption policies and procedures	76	Our People
<b>Environmental Standards</b>				
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its boundary	64, 68	Sustainability Report
	103-2	The management approach and its components	68-69	Sustainability Report
	103-3	Evaluation of the management approach	63	Sustainability Report
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	69-70	Sustainability Report
	302-4	Reduction of energy consumption	69-70	Sustainability Report
<b>GRI 303: Water 2016</b>	303-1	Water withdrawal by source	69-70	Sustainability Report
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	69-70	Sustainability Report
<b>GRI 307: Environmental Compliance 2016</b>	307-1	Non-compliance with environmental laws and regulations	69	Sustainability Report
<b>Social Standards</b>				
<b>GRI 103: Management approach 2016</b>	103-1	Explanation of the material topic and its boundary	66, 68	Sustainability Report
	103-2	The management approach and its components	68, 69	Sustainability Report
	103-3	Evaluation of the management approach	68	Sustainability Report
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	71, 76	Our People and Sustainability Report
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76	Our People
	401-3	Parental leave	76	Our People
<b>GRI 403: Occupational Health and Safety 2016</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	83-85 76-77	Safety and Environmental Awareness and Our People
	403-3	Workers with high incidence or high risk of diseases related to their occupation	83-85 76-77	Safety and Environmental Awareness and Our People

GRI Standard	Disclosure	Page Reference	Annual Report Section	
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	71	Sustainability Report
	404-2	Programmes for upgrading employee skills and transition assistance programmes	76-77	Our People
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	76	Our People
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	76	Our People
<b>GRI 413: Local communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programmes	68-70	Sustainability Report
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	1 New suppliers that were screened using social criteria	69-70	Sustainability Report
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	89-90	Our Customers
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	89-90	Our Customers
<b>GRI 419: Socioeconomic Compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area	69	Sustainability Report



# GOVERNANCE AND SUSTAINABILITY

## OUR PEOPLE

### APPRECIATING OUR KEY ASSETS

One of the Group's main assets is its people as they play a key role in supporting OKP to embrace change and prevail over difficult circumstances in order to achieve its business goals. They have come together as a team that is committed and adaptable in working through challenging times and is able to build resilience through the ups and downs of our business cycle, particularly over the past year with the disruptions caused by the Covid-19 pandemic. Their wide-ranging expertise, dedication and cohesive teamwork have galvanised the company and enabled it to move ahead in its vision to be one of the leading players in the transport infrastructure and civil engineering industry in Singapore, the region and beyond.

We acknowledge that the workforce's perseverance and hard work in supporting our business goals have been our pillar of strength since our company was founded in 1966. Our staff have also been our pillar of success by acquiring greater competencies and skillsets, thereby enhancing our competitiveness. As such, we focus on our guiding principle to our staff, which is our commitment to provide a safe working environment, training and advancement in their respective fields, and fair and equitable compensation and benefits that reward their productivity.

In pursuit of its business goals and to realise sustainable revenues and profits, OKP is committed to building up its talent pool. We actively build our talent pool to maintain a competent team for our business needs and to stay ahead of the competition. The Group focuses on recruiting, nurturing and developing a capable and motivated team, who can plan, manage and execute the various projects professionally and to a high-quality standard. They will be nurtured to be part of a skilful and effective team, who can meet present and future business challenges.

To draw in and hire the right team of people with the right skills and experiences to execute its business strategies, OKP has established a human resources strategy and programme for all staff. The Group identifies with its people's aspirations, inspires them to perform to the best of their capabilities and supports them in rising through the ranks. We also aim to strengthen our human resources and people development practices to attract and retain the best talents.

Our employees comprise corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our workforce originate from diverse backgrounds and nationalities including China, Taiwan, Malaysia, India, Myanmar, Philippines, Thailand and Bangladesh. With such varied and diverse backgrounds,

the Group's management must instil common goals and core values to create a cohesive and efficient team. Thus, a result-oriented recruitment, training and development approach is key to ensuring the OKP's long-term business success and financial stability.

### ORIENTATING NEW HIRES

To enable new staff to familiarise themselves immediately and speedily with the company's culture and environment, the Group has implemented a tried-and-tested employee orientation programme, which helps them in understanding OKP's policies, and ethical and safety standards. Our staff orientation policy aims to integrate newcomers by conveying the company's core values and benchmarks so that they can adapt smoothly and quickly to the Group's way of working internally and externally with various stakeholders.

By following this method, new hires can start to make instant contributions when they join the company. We realise from our past experience that a good orientation programme makes a big difference in terms of staff retention, as we observe that fresh recruits generally decide to stay with OKP within the first six months of their employment.

### DEVELOPING OUR PEOPLE

The Group seeks to be an employer of choice, and makes it a priority to attract, nurture and keep capable and qualified employees to develop a solid and resilient team. Indeed, we aim to develop our people to their fullest potential so that they can help OKP to gain sustainable and steadfast growth in the short term as well as long term. We focus on staff learning and training to equip the workforce with the necessary technical knowledge, skillsets and proficiencies to meet the demands of their jobs effectively.

Over the past decades, the Group has aimed to build up an environment that supports its workforce in accomplishing good and top-notch performances. As such, OKP has invested extensively in staff training. We employ relevant training and development courses to continuously equip our workforce with key competencies and skills so that they can perform in their current jobs well. Training is provided to staff based on job requirements and merit to further strengthen their technical and functional abilities for the company's business requirements now and in the years ahead.

We seek to develop our people's talents to their fullest potential so that they can develop their careers within the Group. We do this by providing our staff with various development opportunities for professional and personal growth such as taking part in local and overseas industry immersion programmes. Through such opportunities,





Site clerk Ms Annie Yeo Guak Eng receiving her 40-year long service award from Group Chairman, Mr Or Kim Peow.



Excavator operator Mr Chan San Keong receiving his 30-year long service award from Group Chairman, Mr Or Kim Peow.

they can find job satisfaction and enjoy the benefits of working in a solid and progressive company, which they can take great pride in.

Our human resources management policy sets out a distinct career path for each individual employee, a competency framework for each job level, and a performance system linking individual contributions, business objectives and rewards to performance. In 2016, the Group signed “The Pledge for a Better Built Environment Workplace” developed by the Building and Construction Authority (BCA) and Construction Industry Joint Council. In signing the Pledge, we have shown our commitment to the adoption of good human resources practices based on the following key human resources principles: Performance management, Recruitment and on-boarding, Staff engagement, Remuneration, rewards and benefits, and Wellness and support.



## OFFERING SPONSORSHIPS AND SCHOLARSHIPS

To attract the right talent for the right job for the future, the Group has been offering educational scholarships and sponsorships to students, who may be the company's potential recruits in the years ahead. In recent years, OKP has taken part in the BCA–Industry Environment Undergraduate Sponsorship/Scholarship programme, which has resulted in drawing young and fresh talents into the company.

Since 2012, the Group has provided a total of six scholarships and sponsored 13 individuals for diploma, undergraduate and master courses.

## ENABLING LOCAL AND OVERSEAS INDUSTRY IMMERSION PROGRAMME

Under OKP's overseas industry immersion programme, the company has been sending its workforce on overseas trips to pick up new skills and increase their technical knowledge. However due to the restrictions on travel overseas and locally because of the Covid-19 pandemic, these programmes came to a halt in the past year.

Since 2015, the Group had organised five overseas industry immersion programmes. One trip in 2019 was to Fukuoka in Japan, two trips in 2017 to South Korea, and two trips in 2015, which comprised one trip to Ipoh in Malaysia, and sending several batches of project engineers on trips to Jakarta in Indonesia. The teams acquired invaluable knowledge on advanced technologies and best practices related to micro tunnelling boring, data logging system, precast segment launching process, and piling work for big diameter and long depth bored piles.

Some staff and senior management also brushed up their knowledge by attending advanced management programmes, study trips, conferences and exhibitions.

In 2019, Group Managing Director, Mr Or Toh Wat, attended the BAUMA Construction Trade Expo in Munich, Germany. He and a project engineer also made a similar trip to the same event in 2016. In 2017, some staff attended the Stanford Centre for Integrated Facility Engineering (CIFE)-BCA Advanced Management Programme 2017: Virtual Design and Construction in the United States of America (USA), and participated in a Joint BCA-GeoSS study trip to Germany and Spain. In addition, two OKP directors attended the XXI World Congress on Safety and Health at Work 2017 in Singapore. Five staff attended the Singapore International Transport Congress and Exhibition 2016 with the theme “Innovating Transport for Liveable Cities” in Singapore.



# GOVERNANCE AND SUSTAINABILITY

## OUR PEOPLE

The Group's senior management also aims to boost their leadership skills and knowledge. In March 2018, Executive Director, Mr Or Lay Huat Daniel attended the Certificate in Imperial College London-BCA Executive Development Programme on DfMA and IDD Leadership while Group Managing Director, Mr Or Toh Wat attended the same programme in November. In 2015, Mr Or Toh Wat attended the Stanford Virtual Design and Construction Leadership Programme in USA organised by the Stanford University's CIFE and BCA.

Under the BCA's local industry immersion trips to other contractors, a team of OKP engineers visited a local contractor's site on 16 September 2017 to learn about construction methods for building Punggol Bridge across Sungei Serangoon.

### SAFEGUARDING OCCUPATIONAL HEALTH AND SAFETY

The Group's guiding principle is to provide a safe working environment for its workforce at the construction sites. Thus, to ensure good safety standards, the company seeks to foster sound work safety and environmental awareness at all its worksites. We highlight and execute strict safety management measures throughout the various stages of the projects, starting at the project management stage, during the construction and site management stages until the successful completion of the projects.

In the light of the Covid-19 pandemic, OKP has developed a Business Continuity Plan to be implemented for its headquarters and all its project sites. The plan ensures that all employees and assets are protected and can function quickly in the event of a disaster such as virus outbreak. Working with the relevant agencies, the Group has introduced safe management measures at its workplaces.



*Temperature-taking of workers during the Covid-19 pandemic.*

In June 2020, after complying with requirements on safe worksite, accommodation and transport as stipulated by the relevant agencies and following BCA COVID-Safe Restart Criteria, the company was approved by BCA to restart its site activities. The Group took stringent steps to ensure that work activities are being carried out in a safe and orderly manner.

As a reliable contractor in transport infrastructure and civil engineering, OKP complies with all relevant legislative and regulatory requirements to safeguard workplace safety, environmental protection, and the welfare of all employees. For example, all fresh recruits go through a mandatory safety induction on the importance of using personal protective equipment and undertaking all risk management procedures.

In promoting a healthy and safe working environment for its staff, the Group focuses on not only its own workforce but also those of its subcontractors and partners. We work very closely with the subcontractors and partners to ensure that they share the same commitment to work in sync to boost safety and environmental standards. A safe construction site not only reduces unnecessary risks in a project, but also advances staff morale and increases client satisfaction levels. It is the company's policy that all incidents are monitored and reported immediately, and not only those that resulted in actual injuries. We stress this process to all our supervisors and employees so that we can learn from and remedy past mistakes as well as achieve our vision of zero injuries.

One of OKP's goals is to deter staff from being absent from work without a legitimate reason. Absenteeism from work has an unfavourable impact on both direct and indirect costs. It also shows a low level of job satisfaction and a lack of dedication to the company. Moreover, absenteeism of the workforce leads to backlogs and pile-up of work, thus, causing work delay. To accomplish a low level of absenteeism among its employees, the Group has put measures in place to create a healthier workplace and happier workers. This more affirmative working environment can assist our workforce to perform effectively at work with the right guidance and mentoring.

Since 2006, the company has been receiving numerous safety awards in recognition of its high standard of health and safety awareness at its various worksites. In total, the company has won a total of 22 safety awards, seven green and gracious awards and one construction environment award.







Receiving vouchers and certificate for being exemplary in promoting safety.

In 2020, two safety awards were won. Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Project Safety Recognition Award from the Public Utilities Board (PUB) for its safety record for proposed sewers in Lim Chu Kang Area (Contract 2). It also received a Safety Recognition Award from the PUB for its safety record for the Deep Tunnel Sewerage System.

In 2019, the Workplace Safety and Health Council had also certified Or Kim Peow Contractors (Pte) Ltd as bizSAFE Partner and Eng Lam Contractors Co (Pte) Ltd as bizSAFE Star.

Another accolade received by OKP was the Green and Gracious Builders Award conferred by the BCA since May 2012. In 2019, wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd had been conferred the BCA Green and Gracious Builder (Excellent) Award. The award aims to raise the environmental consciousness and professionalism of builders, and is a benchmark of a builder's corporate social responsibility to the environment and the public. It also sets standards for gracious practices, which will enhance the image of builders and the construction industry, particularly in neighbourhoods affected by construction activities.

## ENSURING ETHICAL PRACTICES

The Group emphasises to all staff that they must follow and abide by ethical practices thoroughly and without compromise. We hold firm views on anti-corruption and have zero tolerance towards bribery and corrupt practices. This view is highlighted to all our employees, who may come from different countries and backgrounds with varying ethical perspectives and accepted cultural practices.

At OKP, we make sure that our staff understands and follows the relevant anti-corruption legislations strictly. We provide employees with guidelines on how to declare and comply with our internal policies when giving or receiving gifts; or dealing with entertainment, sponsorships and charitable contributions during the course of their work. During the past year, the Group did not receive any report on incidents of corruption within the company.

## BEING PEOPLE-CENTRIC

To fulfil our mission to be the first and preferred civil engineering contractor for various industries in Singapore and beyond, as well as maintain our position as a market leader in the public sector construction industry, we need to be a people-centric company. This is because we rely on the efficient and steady performance of all staff to achieve our business goals, attain financial profitability, and work together as a strong and resilient company for now and the future.

With the aim of becoming a solid people-centric company, OKP has been updating its organisational effectiveness and improving its communication channels across all levels and between the various business units.

Moreover, we have put in place a review-and-feedback process, which has proven to be useful and effective in receiving our employees' concerns and addressing their issues. We make it our priority to hold regular dialogue sessions so that management and supervisory staff can work in tandem with the administrative and support staff and construction workers in terms of planning and executing projects.

As the company seeks to be a good employer, we treat all staff with dignity and respect by ensuring they receive fair treatment. We abide by all labour laws and guidelines that ensure fair employment practices. We recruit, promote and train staff based on their merit and performance, and do not discriminate based on their nationality, race or religion.

We also fulfil our obligations as a good corporate citizen in supporting national defence by facilitating and supporting attendance by our male employees for reservist training. Since 2008, OKP has been receiving awards from the government for its support and contributions to Total Defence in Singapore.

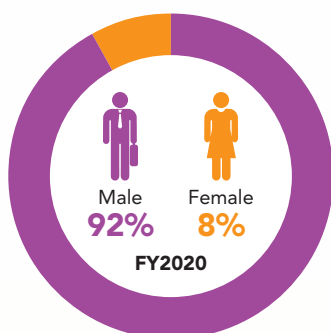
As a people-oriented company, we prioritise the welfare of our workforce. Thus, OKP has many welfare initiatives such as our Annual Dinner, Chinese New Year lunch and regular luncheons. Our staff enjoys other benefits such as medical benefits, transport allowance, subscriptions to relevant societies and various forms of insurance such as personal accident insurance and travel insurance. We provide maternity leave as well as paternity leave for our staff.

# GOVERNANCE AND SUSTAINABILITY

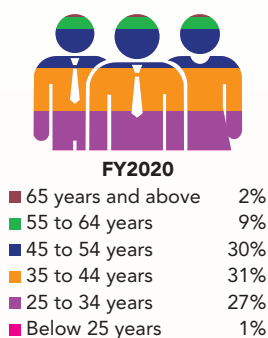
## OUR PEOPLE

### EMPLOYEE PROFILE

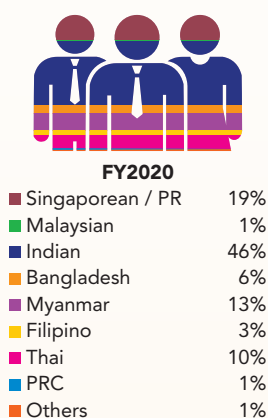
#### GENDER



#### AGE



#### NATIONALITY



#### NEW HIRES



	FY2020	FY2019	FY2018
<b>Function</b>			
Management & Supervisory (M&S)			
– Local	9%	9%	9%
– Foreign	4%	3%	2%
Finance & Administration (F&A)			
– Local	2%	1%	1%
– Foreign	1%	1%	1%
Site Operations (S&O)			
– Local	9%	6%	9%
– Foreign	75%	80%	78%
	100%	100%	100%
<b>Years of Service</b>			
More than 15 years	12%	11%	11%
10 years to 14 years	17%	20%	19%
6 years to 9 years	22%	23%	24%
3 years to 5 years	13%	17%	31%
Less than 3 years	36%	29%	15%
	100%	100%	100%
<b>Educational Qualification</b>			
Degree and Above	15%	13%	11%
Diploma & Equivalent	6%	6%	6%
“O” & “A” Level & Equivalent	3%	2%	3%
Trade Certificate & Equivalent	34%	28%	27%
Secondary School & Lower	42%	51%	53%
	100%	100%	100%
<b>Gender</b>			
Male	92%	93%	94%
Female	8%	7%	6%
	100%	100%	100%
<b>Age</b>			
65 years and above	2%	1%	2%
55 to 64 years	9%	11%	8%
45 to 54 years	30%	28%	27%
35 to 44 years	31%	34%	30%
25 to 34 years	27%	26%	31%
Below 25 years	1%	0%	2%
	100%	100%	100%
<b>Nationality</b>			
Singaporean/PR	19%	13%	15%
Malaysian	1%	2%	3%
Indian	46%	46%	43%
Bangladeshi	6%	8%	6%
Myanmar	13%	15%	15%
Filipino	3%	2%	2%
Thai	10%	12%	14%
PRC	1%	1%	1%
Others	1%	1%	1%
	100%	100%	100%
<b>New Hires</b>			
Number of employees	88	203	31

**Footnote:**

- 1 M&S – Directors, financial controller, managers, engineers and quantity surveyors
- 2 F&A – Administrators, clerks and account executives
- 3 S&O – Site supervisors, site clerks, site inspectors, foreman, machine operators, general workers and drivers, ECOs, PROs and land surveyors

# GOVERNANCE AND SUSTAINABILITY

## CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is widely acknowledged as a good business practice. According to the Financial Times, CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

Over the past decades, there has been a growing awareness in Singapore and worldwide that implementing CSR activities can offer businesses a competitive advantage over others who are of the view that CSR cannot contribute to their bottom-line. It is increasingly accepted in many companies, which make CSR practices an important aspect of their business operations as they realise that implementing sound CSR practices can bring about many advantages. These include creating a good reputation and high morale among staff, which results in enhanced productivity and more effective performance, thereby drawing more investors.

Well-respected global business leaders have given credit to the importance of CSR as part of their business goals. For example, Mr Niall Fitzgerald, former CEO, Unilever pointed out: "Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... because it is good for our business."

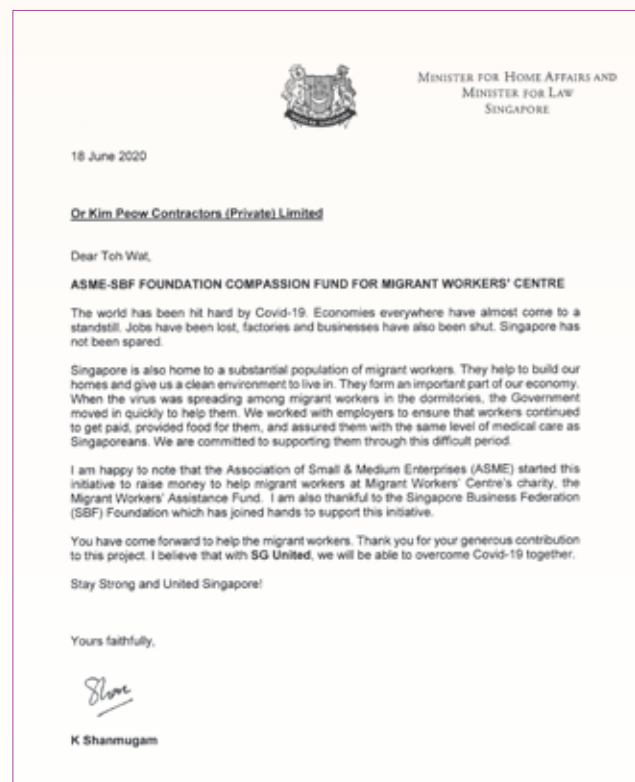
Another prominent business leader, Mr Jeroen van der Veer, Committee of Managing Directors (Shell) said: "In my view, the successful companies of the future will be those that integrate business and employees' personal values. The best people want to do work that contributes to society with a company whose values they share, where their actions count and their views matter."

Our Group seeks to be a good corporate citizen, and as such, we conduct our business in a sustainable way that provides positive economic, social and environmental impact for our stakeholders and their environments. At OKP, we diligently apply best practices in all our business operations, and this incorporates giving back to society, especially in providing support to the less fortunate and disadvantaged members of the community. We offer financial assistance through sponsorships and donations to various charitable groups and causes. We also instil a spirit of volunteerism among our workforce so that they volunteer their time and efforts towards helping worthy causes. We also provide our employees with opportunities to be responsible citizens as they participate in various fundraising programmes for specific causes.

We contribute to the community by taking part in fundraising events and philanthropic activities and through our annual Charities of the Year programme.

In 2020, we contributed to two compassionate funds to support construction companies and migrant workers in view of the Covid-19 pandemic. We provide financial support and help to the following charities and community organisations:

- Singapore Contractors Association (SCAL) – Singapore Business Federation (SBF) Foundation Compassion Fund to help the construction sector with temporary relief to ease financial difficulties of construction companies;
- Association of Small and Medium Enterprises (ASME)-SBF Foundation Compassion Fund for Migrant Workers to provide these workers with support and assistance;



- Building fund for the Singapore Buddhist Lodge;
- Relief, Singapore's leading independent disaster relief agency, for its Ground Zero Run for Humanity; Adventist Nursing & Rehabilitation Centre, a voluntary welfare organisation which provides physiotherapy and rehabilitation for victims of stroke, head and spinal injury following accidents and other chronic neuromuscular disorders;
- Students Care Service which has four centres with a team of caring professionals, that are committed to serving children and youth in Singapore, enabling them to maximise their potential;
- Pasir Ris East Zone Community Club for its Marathon Ekiden Charity Run to raise funds for its Community Development and Welfare Fund which sponsors bursary awards and good progress awards;



## GOVERNANCE AND SUSTAINABILITY

# CORPORATE SOCIAL RESPONSIBILITY

- Tampines Changkat Consultative Committee for its Festive Wishes Come True event, which brings joy to underprivileged children by fulfilling their wishes during Christmas;
  - Tagore Business Association, a group formed to enhance Tagore Industrial Estate's business environment and promote the welfare of businesses, for its Tagore Award which serves to nurture, support and spur them towards achieving business excellence;
  - Nanyang Technological University's Computer Science and Engineering Club for its overseas community projects;
  - Chee Hoon Kog Moral Promotion Society, a charity which accepts non-paying residents recommended by the Ministry of Social and Family Development, Ministry of Health or through medical social workers of hospitals;
  - Mouth and Foot Painting Artists Pte Ltd, an international for-profit association wholly-owned and run by disabled artists to help them meet their financial needs;
  - World Children's Fund HK Ltd, a non-profit charitable organisation whose purpose is to facilitate caring and sharing of aid to needy and suffering children in crisis situations worldwide;
  - The Singapore Association for the Deaf, which serves the deaf and hard-of-hearing community with a mission to assist them in achieving a better quality of life and enabling them to integrate and contribute to society;
  - Playeum Ltd, a charitable centre for creativity and culture in order to nurture the next generation of creators, innovators and thinkers, by engaging children and families in over 150 programmes and novel experiences through collaborations with museums, public institutions and creative practitioners;
  - Halogen Foundation Singapore, a values-based, not-for-profit institution dedicated to youth leadership and entrepreneurship development, and Halogen Yellow Diamond Charity Gala Dinner;
  - Singapore Red Cross, an independent humanitarian society which provides assistance in relief operations in times of disaster, and in auxiliary health and welfare services to the sick, handicapped, aged and poor; and voluntary aid to the sick and wounded in time of war; and to prisoners of war and civilians suffering from the effects of war;
  - Singapore Children's Society's 1000 Enterprises for Children-in-need Project, that helps protect and nurture children and youths, particularly those who are abused or neglected, and those from dysfunctional families;
  - Dyslexia Association of Singapore, a society with its team of psychologists and specialist teachers providing help to over 1,000 dyslexic children from more than 250 schools;
  - Ang Mo Kio-Thye Hua Kwan hospital, a leading voluntary welfare organisation running a 200-bed hospital providing rehabilitation and geriatric care;
  - Singapore Heart Foundation, which advocates health and plays a proactive role in helping heart patients and their families and in equipping the community with information and skills for better heart care;
  - Community Chest, the fundraising division of the National Council of Social Service that raises funds for the many charities that it supports in aid of the disadvantaged in society;
  - Disabled People's Association, a self-funded voluntary welfare organisation that helps people with disabilities to become valuable, contributing members of the society;
  - Handicaps Welfare Association, an organisation that is run by people with disabilities, for people with disabilities, to promote self-help and provide mutual support among the disabled in Singapore;
  - Kidney Dialysis Foundation, a non-profit charitable organisation providing subsidised dialysis treatment to patients, who could not afford treatment due to financial difficulties;
  - Leukemia & Lymphoma Foundation that helps pay for, either fully or partially, all costs related to the treatment of leukemia, lymphoma and similar blood-related disorders in its patients;
  - Teen Challenge Singapore, an organisation that provides counselling, drop-in facilities for youth requiring close supervision, and residential care for individuals recovering from various forms of life-controlling problems, including teenage and adult drug and alcohol abusers;
  - Yellow Ribbon Fund, a project to help rebuild lives of ex-offenders released from the various prisons and drug rehabilitation centres;
  - Singapore Gymnastics, the national sports association for gymnastics in Singapore, with funds raised for running and administering its various gymnastics programmes;
  - Casa Raudha Women Home, which aims to provide a temporary refuge for women and their children who have been the victims of injustice and domestic violence; and
  - Caritas Singapore, the official social and community arm of the Catholic Church in Singapore, and the umbrella body for 27 Catholic charities and organisations whose work has touched the lives of many, regardless of race or religion
- We also sponsor activities organised by various organisations such as schools, religious and grassroots organisations, and the Community Development Council. In addition, we have sponsored many fundraising golf tournaments such as for Pertapis Education and Welfare Centre, Tentera Diraja Mosque, National University of Singapore's Building & Estate Management Alumni; Land Transport Authority, Tunnelling and Underground Construction Society (Singapore) and Ngee Soon Group Representation Constituency. We also sponsored the People's Association Community Centres/Clubs Building Fund, and Singapore Institute of Building Limited's movie event.



# GOVERNANCE AND SUSTAINABILITY

## SAFETY AND ENVIRONMENTAL AWARENESS

### ENHANCING SAFETY AND ENVIRONMENTAL AWARENESS

As a reliable business involved in transport infrastructure construction and civil engineering, the Group is dedicated to complying with all relevant legislative and regulatory requirements to enhance workplace safety, environmental protection and the welfare of all staff.

At OKP, our priority is to ensure that all employees, contractors and subcontractors on our premises are capable, well-equipped and trained to work safely. One of our guiding principles to our workforce is our commitment to providing them with a safe accident-free working environment, thus enabling them to go home safely after work. This pledge covers our contractors, subcontractors and others who come to work at our premises and worksites.

In the planning and operation of the Group's business, we need to instil a culture of prevalent safety and environmental awareness. Improving good safety standards and fostering better environmental awareness are therefore, key aspects of our core values and work environment.

To achieve this goal, commitment must come from top management. Since late 2015, the management team has taken direct responsibility for safety performance with a senior employee acting as a "safety manager" for the area under his supervision. They are responsible for ensuring that the Quality, Environmental, Health and Safety (QEHS) programme authorised at the management level is being implemented effectively on the ground. To fortify its QEHS capability, OKP has increased the relevant manpower to manage this task better. From 2015 onwards, a corporate safety manager has been assigned to different sites by roster to provide advice and support on QEHS matters.

The Group has established a policy to ensure a minimal risk work environment as it aims to prevent any injuries, loss of lives, damage to properties and pollution to the environment. Our aim is to have vision zero in relation to injuries, work-related illnesses and environmental impact at all our workplaces.

Setting vision zero in place is about embracing a positive mindset that pursues zero injuries and zero environmental damage, and not just about focusing on reaching a numerical target of zero injuries or environmental harm. Thus, fostering a safety culture and promoting environmental awareness among all stakeholders are important aspects of OKP's core values and well-organised work landscape.

By applying high safety standards and strict environmental control measures, the company is developing the right environment for everyone from



*The team from Eng Lam Contractors Co (Pte) Ltd together with our Executive Director, Mr Oh Enc Nam (centre) received a Project Safety Recognition Award 2020 from PUB.*

senior management to the workers to contribute fully towards achieving vision zero. The Group emphasises workplace safety, health and environmental protection at every phase of the project cycle from conceptualisation to the construction and management stages. This approach ensures that all potential risks are identified speedily, thereby minimising or eliminating risks downstream.

The company views accident prevention and environmental protection as not only moral obligations but also good business practice. By identifying and directing our resources to tackle potential hazards, we aim to reduce incident rates and extra accident-linked costs. Ensuring a safe working environment for our staff and other stakeholders is pivotal in helping us to achieve good performance, improve our corporate image and reinforce our competitiveness.

### SAFEGUARDING HIGH STANDARDS

To safeguard high standards of QEHS performance, the management team has established clear directions for implementing an effective occupational health and safety management approach. This enables us to deter safety-related and health incidents and nurture risk-free and environment-friendly work areas. This management procedure also meets all relevant laws and regulatory requirements.

Taking QEHS responsibility is a crucial factor in the way we conduct our business with our stakeholders such as clients, subcontractors and suppliers.

One way the company seeks to address this responsibility is by adopting bizSAFE, which is the Workplace Safety and Health (WSH) Council's five-step programme to help companies advance their safety and health capabilities to achieve high standards at the workplace. To enhance the benefits of the bizSAFE programme, we practise optimum risk control, beginning with the removal, substitution, engineering and administrative control



# GOVERNANCE AND SUSTAINABILITY

## SAFETY AND ENVIRONMENTAL AWARENESS

and finally, mandatory use of construction personal protective equipment. Work-at-height risks will be managed by having certified scaffold platforms set up by a trained workforce.

Since 2014, OKP has appointed only contractors and vendors with bizSAFE level 3 and above for all its projects. Both our wholly-owned subsidiary corporations, Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd, are totally committed to ensuring good safety and health standards and have renewed their WSH Council's bizSAFE STAR status in 2019. The WSH Council has certified Or Kim Peow Contractors (Pte) Ltd as bizSAFE Partner and Eng Lam Contractors Co (Pte) Ltd as bizSAFE Star. This is the highest level awarded to enterprises for their commitment to maintaining a good risk management and workplace safety system. As a selected partner, a company is recognised as an organisation that has influencing power in its business value chain. Thus, the Group plays a significant role in influencing and motivating our business partners to work safely as well as incorporate bizSAFE as part of our procurement requirements.

To stay ahead in this competitive industry, we have frequently reviewed and updated our QEHS Management System. By doing so, we enhance our workplace safety and health standards as well as fine-tune our operational procedures, thus improving our overall effectiveness. The company's integrated management system had been executed according to the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 requirements. Maintaining our certification by SOCOTEC Certification Singapore Pte Ltd, an accredited certification body by Singapore Accreditation Council, testifies that the Group has a healthy system and strong dedication in ensuring quality, environmental, safety and occupational health standards. Surveillance audit for ISO 9001:2015, ISO 14001:2015 and SS 506:Part 1:2009 Migration to ISO 45001:2018 standards was conducted on 13 July and 14 July 2020 by SOCOTEC Certification Singapore Pte Ltd.

In addition, we are committed to safeguarding and maintaining the natural environment through a range of ongoing activities. Embracing the environmental motto of reduce, reuse, recycle, OKP contributes to the protection of its environment through waste management, energy conservation and water conservation. As a responsible company which seeks to offer a pleasant environment for our clients, staff and the community, we undertake to do our part by:

- working to reduce and control construction site noise and vibration to provide a more pleasant environment for the public, our clients and our workforce;
- providing a work environment where people from diverse backgrounds can work together harmoniously and have a sense of fulfilment; and

- enabling everyone to work together to achieve an injury-free environment.

We are committed to providing the equipment, knowledge and resources to keep all who are on or near our construction sites safe. The Group wants everyone to go home safely from their jobs every day.



Group Managing Director Mr Or Toh Wat exhorting staff to comply with health and safety measures.

### WINNING RECOGNITION AND ACCOLADES

The Group's achievements on QEHS have been well acknowledged. It has received numerous accolades for its good workplace health management and occupational safety focus. Since 2006, OKP has won a total of 22 safety awards, seven green and gracious awards and one construction environment award.

In 2020, OKP received two safety awards, both from the Public Utilities Board (PUB). Eng Lam Contractors Co (Pte) Ltd received a Project Safety Recognition Award for its safety record for proposed sewers in Lim Chu Kang Area (Contract 2). It also received a Safety Recognition Award for its safety record for the Deep Tunnel Sewerage System project.

In 2017, the Group was the only contractor under Airside Project to be given a Safety Recognition Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport. This was the second year running that it has been conferred such a safety award by the Changi Airport Group.

Another award received by OKP is the Green and Gracious Builders Award conferred by the Building and Construction Authority (BCA) since May 2012. The award was introduced to raise the environmental consciousness and professionalism of builders. It is also



a benchmark of a builder's corporate social responsibility to the environment and the public. It also sets standards for gracious practices, which will improve the image of builders and the construction industry, particularly in neighbourhoods affected by construction activities.

In 2019, Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd have been conferred the BCA Green and Gracious Builder (Excellent) Award.

## UPHOLDING QEHS SUSTAINABILITY

The Group faces many challenges in upholding the high standards of its QEHS Management System in today's frequently evolving environment. We believe QEHS sustainability is a long-term business driver. By targeting specific efforts that address safety, health and environmental challenges and maintaining a good QEHS track record, we can minimise risks and improve our competitiveness and remain steadfast and resilient for our future business growth.

We have taken many steps to ensure that our work practices are environmentally-friendly, and always protect our employees' safety and welfare at all our premises. First, OKP frequently updates its legal register so that it is up-to-date on all applicable legal requirements. By doing so, the Group would be able to keep up with changes and proposed legislations. The legal register also ensures that the company is aware of and understands the implications of core legislations that affect its operations. This ensures that we stay compliant with local regulatory requirements and international standards.

Second, when hiring new employees and collaborating with partners, we evaluate their QEHS experience and track record. Our ability to attract, develop and retain qualified staff, consultants and subcontractors with good QEHS track records has greatly enhanced the company's success and sustainability.

Third, OKP has instituted Business Continuity Plans for better management during unpredictable times and crises such as haze, monsoon rains, and disease outbreaks such as the Covid-19 and Zika virus. It has put in place risk assessments to ensure that the business functions and operations can continue without comprising our employees' safety and health.

In 2016, during a severe outbreak of the Zika virus, which particularly affected foreign workers at construction sites, the Group set up its Zika Contingency Plan. The plan was to deter mosquito breeding and dengue/ Zika transmission at OKP's construction sites. Body temperatures of the workers were taken daily to identify signs of fever while insect repellents were applied daily for protection against mosquito bites. Other vital control measures included intensification of search-and-destroy

efforts to check on potential mosquito-breeding, mass combing of the entire site, and twice-weekly pest control operator's visits for the entire site. Weekly trimming of overgrown grass, monitoring of mosquito population using Gravitrapp, and frequent and comprehensive housekeeping were also executed.

During the haze crisis over a few months in 2015, the Group ensured that all its workers were trained and informed of the correct way to don their masks and stop work if the quality of air reached hazardous levels.

## TAKING PRECAUTIONS DURING COVID-19 PANDEMIC



*Pest control being implemented at worksite.*

The Covid-19 pandemic has an extremely disruptive effect worldwide and in Singapore due to lockdowns and accompanying restrictions. The local construction industry has not been spared. With a national partial lockdown known as circuit breaker announced on 3 April 2020 in Singapore, all non-essential workplaces closed from 7 April 2020, with only essential workplaces remaining open.

To minimise the risk of Covid-19 pandemic spreading within the company and to promote a safe working environment for our workforce, the Group developed a Business Continuity Plan in May 2020 for our headquarters and all project sites. The plan ensures that all employees and assets are protected and can function quickly in the event of a business disruption.

To minimise the risk of widespread re-emergence of Covid-19 in the community, the tripartite partners, comprising Ministry of Manpower, Singapore National Employers Federation and National Trades Union Congress introduced safe management measures at workplaces.



# GOVERNANCE AND SUSTAINABILITY

## SAFETY AND ENVIRONMENTAL AWARENESS

Based on the advisories from the tripartite partners and Building Construction Authority (BCA) COVID-Safe Restart Criteria, OKP was given approval in June 2021 by BCA to restart its sites' activities. The approval came after the Group complied with the requirements for safe worksite, accommodation and transport. These measures are meant to reduce the risk of cross-infection between different companies and worksites, and to ensure that the work activities are carried out in a safe and orderly manner.

The Group has been adhering to safe management measures, ensuring all workers undergo rostered routine testing every 14 days and implementing effective contact tracing at every project site. These measures will continue to be necessary and effective for OKP to continue on with all its projects.

The Group has advised all staff to practise good personal hygiene, maintain safe distancing and wear masks at all times. Other measures include temperature screening for visitors entering the project sites, and maintaining a site attendance record and visitors' contact information for contact tracing. In addition, the sick is required to seek medical attention promptly.

### CHAMPIONING A SAFETY CULTURE

The Group is aware that championing a good safety culture will ensure safe behaviour among co-workers, resulting in an injury-free workplace. Safety management begins at the project planning stage and reinforced throughout the various stages of design, construction and management until the projects are fully completed.

We put in a great amount of efforts to develop and execute a progressive QEHS culture in OKP. For example, the Group organised a safety campaign on 18 January 2020 for all its workforce. In addition, monthly project-level cross audits are executed to provide a "third eye" to address shortfalls in the existing QEHS system and practices.



A safety talk at one of OKP's worksites.

Through the years, our comprehensive construction safety programme has been upgraded and honed. This programme includes:

- a robust subcontractor and supplier selection and approval process, which shortlists companies with good safety track records; and
- risk assessment procedures to identify situations and processes that may potentially cause injuries. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and then determine the preventive steps to be put in place, and field regular safety audits at construction worksites.

In addition, the company implements various other efforts to further promote safety awareness at all its workplaces.

- We set up Behavioural Based Safety programmes at our worksites. This is a safety approach that focuses on the workers' behaviour as the source of most work-related injuries and illnesses. By conducting reviews of current work practices and collating data from interviews plus observations, trained observers would identify the main cause of the respective group's or worker's unsafe behaviour. The results are usually fed back to the group or worker, and safe or model behaviours would be developed to assist the respective group or worker. Through these programmes, OKP can improve its workers' welfare, thus improving performance and achieving a sustained adjustment of attitudes towards safety.
- The company continuously involves all employees on the Corporate Safety Promotion Programme to nurture safety awareness at all organisational levels and fortify its goal to make staff safety a top priority. Various safety promotional activities were carried out. These included the "Your Hands are Important" safety campaign, Dengue Prevention campaign (jointly conducted with the Land Transport Authority and National Environment Agency), monthly mass safety talks and regular incentives for staff with excellent safety performance/ behaviour. To recognise workers for displaying exemplary behaviour and safe work practices, OKP identifies each month a safety conscious employee, who will be rewarded with NTUC vouchers as a token of appreciation.
- We continue to develop a systematic way of checking the safety performance and knowledge of our staff. All employees will carry a personnel safety card that records types of safety training each has been to and safety infringement committed. Workers with poor safety knowledge and record would be identified by their supervisors and recommended for further training. The worker would also be closely monitored during work processes to prevent any safety nonconformance.





- We have printed its own safety handbook to highlight its safety requirements. The handbook contains the “dos and don’ts” to help the workforce understand house safety rules and regulations, and procedures for doing work safely. The safety handbook is also translated into the workers’ native languages to ensure that non-English speaking workers know the safety procedures thoroughly. It is our main tool in the ongoing battle against workplace accidents and injuries.
- We have started a Safety Alert and a Safety Bulletin since 2015 to share valuable information on local and international safety-related matters and developments. Safety Alert is published regularly and sent out to the project teams to keep them abreast of recent safety incidents, highlight learning points, and offer recommendations on how similar incidents can be avoided. The Safety Bulletin is to create awareness on an array of relevant safety and health issues and topics, such as lifting operation, earth control practices and sharing of the best safety practices. It also has updates on recent safety-related developments, including new laws and regulations, guidelines, advisories and codes of practices.
- Emergency drills are conducted regularly at all our worksites to fortify emergency preparedness in handling any potential incidents such as fires, chemical spillages and fall-from-height incidents. The company conducts coordinated joint exercises such as rescue drills at its worksites with external agencies such as the Singapore Civil Defence Force. Such exercises help to improve safety awareness and knowledge of all workers. This demonstrates our dedication towards the safety and welfare of all our workforce, clients, subcontractors and suppliers.

- Safety Time Outs are conducted frequently at all our worksites. It is a planned event where all site employees take time off from their routine operations to assess a specific work activity or system to ensure safe operations.

## HARNESSING TECHNOLOGY TO MANAGE SAFETY

The company has harnessed technology by using apps for the Permit to Work (PTW) System. In the construction industry, the contractor deals with a lot of permits to manage hazardous work. The traditional paper method of using the PTW system requires spending many hours filling out forms, sending the paper forms from place to place, and waiting for the permits to be issued, resulting in a great loss of time.

The Group has resolved this issue by working with an app developer to create an easy-to-use mobile app to increase the efficiency, control, productivity and compliance of the current PTW System. Instead of using paper forms, subcontractors can apply for permits using their mobile devices and are notified when actions are needed. Safety officers can conduct safety inspections and validate PTW at once. Remedial actions are also easy to check and monitor. Project managers can also monitor all PTWs’ status in real time. As all PTW data and photos are saved on the cloud-based server, it can be checked anytime by retrieving from the cloud platform.

The whole PTW process is also easy to monitor on dashboards, which are accessible on desktops and mobile devices. PDF versions of the PTW reports are also created immediately and archived in the system. Thus, the mobile app is fast and easy to use. New users can download the app and get going in less than five minutes. This method has greatly improved productivity and help better time management for OKP.

## DEVELOPING QEHS TRAINING AND COMPETENCY

Our workers play a key role towards the successful implementation of our workplace safety and health management system. As such, the Group has produced a corporate health and safety induction package, which contains the latest health and safety requirements and practices.

We educate our workforce at all levels, equipping them for the challenging construction environment through programmes offered by the Ministry of Manpower-approved training centres. It is compulsory for all management staff and engineers to participate in safety courses such as the “Construction Safety Course for Project Managers” and “Risk Management Course”. These courses equip them with the regulatory requirements to handle the roles of risk management leaders to eliminate or minimise risks at source.



BizSAFE Star certificate for Or Kim Peow Contractors (Pte) Ltd



BizSAFE Star certificate for Eng Lam Contractors Co (Pte) Ltd



# GOVERNANCE AND SUSTAINABILITY

## SAFETY AND ENVIRONMENTAL AWARENESS



*Environmental, Health and Safety meeting with clients at worksite.*

As part of OKP's orientation programme, supervisors instruct new hires on the highest standards of QEHS requirements. Upon first joining the company, new staff are required to attend a health and safety induction programme. The safety team regularly updates its inhouse safety training and education programme for both new and existing workers to train them with the knowledge required for carrying out their various functions in a safe and capable manner. Specialised information and training are given frequently to site safety practitioners to keep them up-to-date on the latest industrial safety and environmental regulations.

Due to the nature of its work and the large work areas covered by its project sites, the Group has trained a sufficient number of first-aiders for its projects. The trained first-aiders are positioned strategically at each work area to ensure that any person who sustains an injury can receive first-aid treatment at once. Training is crucial in preventing injuries among workers. In recent years, the company expanded its training programmes to include both suppliers and clients.

Subject matter experts or suppliers of equipment, who understand the actual ground conditions and issues, are invited to conduct relevant training on safe work procedures for our workforce. For example, we engaged the Bedec supplier to provide scaffold safety training to the workforce, and the silent piler supplier to conduct training for our silent piler operator. All truck drivers are also sent for defensive driving course and coached on safety procedures to be followed with practical illustrations during the training session.

On 14 November 2019, 10 OKP senior staff attended the QEHS Internal Auditor – ISO 45001: 2018 course. With the acquired knowledge, the employees will be able to confidently conduct a comprehensive internal

audit on our QEHS management system and recommend improvements so that we can comply with the ISO 45001: 2018 standard for management systems of occupational health and safety.

Two OKP directors attended the XXI World Congress on Safety and Health at Work 2017 in Singapore on 3 to 6 September 2017. Organised by the Singapore Ministry of Manpower, International Labour Organisation and International Social Security Association, the triennial congress was the largest and most important international conference on workplace safety and health. On 16 November 2017, five OKP senior staff attended the QEHS Internal Auditor – ISO 9001: 2015, ISO14001: 2015 and OHSAS 18001:2007 courses.

Some ongoing green efforts at worksites include reusing, recycling and disposing construction waste and construction materials such as timber, reinforcement and concrete debris properly. Other efforts include maintaining construction machinery frequently to lessen carbon emissions, implementing effective earth control measures onsite to prevent silty water from polluting public drains, and reducing and treating waste water from construction activities in treatment plants before releasing into the public drainage system. The workforce also seeks to minimise water consumption and emissions, use solar-powered devices, and use de-sanding machines to separate sand from dredging wastes. Promotional activities are also executed onsite to encourage green practices.

Other OKP's adopted green practices include the use of recyclable footpath, use of balance concrete to fabricate pre-cast strips, footing for decking, use of waste rebar for fabrication of equipment's protection frame/storage rack, and resorting all recyclable office waste into recycling bins and sending them for recycling.

The Group also uses solar CCTV cameras at all its project sites. These CCTV cameras use solar panels to power the security cameras. With solar CCTV cameras in a security system, OKP ensures an environmentally sustainable and self-renewing power source for 24-hour surveillance.

Amid a dynamic working environment and complex business requirements, the Group will constantly explore ways to tackle the challenges in the QEHS environment and keep up-to-date on the latest developments. Through the combined efforts of every stakeholder, OKP believes it has and will continue to make great strides in its QEHS standards.



# GOVERNANCE AND SUSTAINABILITY

## OUR CUSTOMERS

After more than five decades of managing our Group's business, we continue to be deeply appreciative of our customers, who have supported us through the ups and downs of the business cycle. We recognise that our customers are a key factor in OKP's growth and continued success. Their unwavering support has enabled us to flourish from a sole-proprietorship in 1966 to become an established public listed company today. This is particularly so this past year as the coronavirus Covid-19 pandemic swept through the world, including Singapore. With the restrictions in place to curb the spread, the construction industry has been drastically affected.

We look at our relationships with our customers from a long-term perspective, building relationships that are mutually advantageous. We are confident that our customers value our vast expertise, excellent teamwork and high-quality services while on our part, we will continue to expand our skillsets, widen our knowledge and extend our business through our customers' projects. We want to give our customers the assurance that we have their best interests at heart and will do our utter best to deliver quality results. Our customers' loyalty and trust have enabled us to prevail amidst challenges and become a reputable transport infrastructure and civil engineering contractor in Singapore and the region today.

### MEETING OUR CUSTOMERS' NEEDS EFFICIENTLY

Our guiding principle to our clients is our commitment to providing them with superior service that meets their time schedule, exceeds their expectations in quality, reliability and safety, and is within their budget.

At OKP, we emphasise to all staff that they are to be very focused in delivering on our service promise. With the goal of fulfilling our service promise to our customers efficiently, our employees work cohesively as a team to realise our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, the Group seeks to fulfil this service promise by training and encouraging its workforce to assist its customers to the best of their capabilities and at all times. We emphasise this view to our staff by empowering them to listen responsively and patiently to our customers' feedback, and work in tandem with them to identify their business issues and solve them accordingly. We give our employees the required authority, resources and support to come up with new ideas to address our customers' problems effectively. Our workforce aims to solve the underlying causes of a customer's problems instead of merely treating the symptoms, and through this method, resolve the issue.

At our worksites, our customers' health and safety are OKP's priority. We work in sync with our customers to ensure that our safety standards comply with all applicable rules and regulations. For both customers and ourselves, delivering a project on time and on budget is vital for the successful completion of all projects. To achieve this aim, we work diligently with our customers so that the projects are completed within the stipulated contract terms.

### DELIVERING ON OUR SERVICE PROMISE

To deliver on our service promise in the very competitive business environment in Singapore and the region, we are of the view that customer satisfaction becomes extremely important for sustaining our business. We fully realise the fact that customer satisfaction has been a significant factor in our business' continual expansion and success. As such, OKP's management team and supervisors work attentively with its customers to offer regular and frequent engagement so as to ensure the smooth and satisfactory completion of all projects.

We believe that when we deliver on our contracts on time and on budget, and exceed our customers' requirements, they will have greater trust in us. Thus, we go out of our way to walk the extra mile to increase this confidence and build a strong reputation by ensuring that we deliver all projects with the highest standards of reliability, integrity and efficiency. Through our many decades of operational experience, we have developed goals to achieve a high level of customer service. We believe that these objectives have enabled us to build strong rapport and excellent relationships with our customers and keep them satisfied.

The Group aims to respond promptly to our customers' requirements and provide efficient answers to their issues; as well as execute reliable and ethical business practices that put our customers' interests first. We aim for high standards of service quality; high safety standards at building and construction sites; and effective management to complete projects on time and within budget.

### GROWING OUR CUSTOMER BASE

To ensure that our Group's business is sustainable for the long term, we need to grow as well as maintain our customer base. Our customers come from a wide-ranging group of organisations in both the public and private sectors, including those from industries such as energy, utilities, transport, housing and town planning.



# GOVERNANCE AND SUSTAINABILITY

## OUR CUSTOMERS

We have established a strong presence in the public sector as a reliable infrastructure contractor in Singapore. Some of our public sector clients include Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority. In the private sector, our clients include Changi Airport Group, ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

We aim to boost our business in Singapore and the region. We seek to extend our business networks and grow our current list of customers. In addition, we are branching out to property developments and other investments to increase our revenue streams. One way that OKP has enhanced its business is by forming joint ventures with partners to tender for complex projects and property developments. We are also constantly exploring new opportunities locally and overseas.

With our valued expertise, wide experience, strong track record and good reputation for delivering results, we have a solid platform to grow our customer base and build a sustainable and profitable business for the long term in Singapore and the region.



Executive Director Mr Oh Enc Nam (left) receiving Safety Recognition Award 2020 from Mr Maurice Neo Choon Hwee, Director of Water Reclamation (Network) Department, Public Utilities Board (right).

### SECURING CONTRACTS FROM REPEAT CUSTOMERS

The Group seeks to implement a holistic approach in its customer service by establishing long-term and mutually constructive relationships with its customers. We take great pride in each customer relationship, seeing it as a sustainable partnership to be cultivated and maintained at all levels and all times. Our belief is that strengthening and preserving stable relationships with customers is the foundation of our business success.

Following this method, OKP has prioritised over the past years to increase and nurture many solid and loyal partnerships. The excellent relationships we enjoy with our customers have resulted in many repeat projects from various customers since we began business as a sole-proprietorship in 1966. Indeed, we are thankful for these repeat customers, who testify to our professionalism, good work and quality service standards.

Winning contracts from many returning customers is no easy task. The repeat business is the outcome of our competitive cost position and well-regarded past performances, which we believe are two significant factors for winning new projects. Moreover, the time and efforts we put in building and fostering our customer relationships have played a key role in clinching such projects. Certainly, our employees' focus in delivering high standards and quality projects to our customers is just as vital in winning new and repeat contracts.

### BEING A RELIABLE PARTNER TO OUR CUSTOMERS

As Singapore and the world suffered from the economic crises due to the Covid-19 pandemic, many businesses have been greatly affected. As in any business operations, our customers also face similar challenges in making key decisions to maintain their business, improve their productivity, and lower their business costs, sometimes with limited financial and physical resources.

As we continue to fortify our strengths to build a steady and sustainable business, we also want to view our customers to be efficient and successful like our company. We therefore support them by being a committed and reliable partner by making sure that our contracts are priced accurately and reasonably to reflect current market conditions. With our solid track record in civil engineering and infrastructure works and as an acknowledged market leader in public sector construction projects, the Group is in a good place to help our customers to enhance their proficiencies and offer many other value-added services to them.

### ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

The Group does not only engage with its customers professionally through business activities at building sites and meetings. We also extend our support to them in other ways such as offering sponsorships, and organising and hosting joint events.



# GOVERNANCE AND SUSTAINABILITY

## INVESTOR RELATIONS

### INVESTOR RELATIONS

With increasing demand for listed companies to demonstrate greater transparency and corporate governance in their business dealings, investors are looking closely for clear and accurate disclosures. Due to this, the Group aims to provide its stakeholders with timely and correct information on its business and financial performance.

We are committed to ensuring that our investors have the necessary knowledge and are kept abreast on our strategic directions, business operations and market circumstances to enable them to make informed investment decisions.

To achieve this goal, we engage regularly and virtually if need be, with our investors through various touchpoints. Our senior management and investor relations (IR) team proactively make themselves available through various communication channels to the investment and financial community, and the media.

Our guiding principle in relation to our shareholders is our commitment to maximising their return on investment while maintaining top quality in our products and services. We are unwavering in creating and enhancing long-term value for all our investors and stakeholders. We aim to develop a stable and sustainable company by attaining a wide range of competencies and growing our skillsets, track record and knowledge so as to fulfil our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this approach, we can attain sustainable and steady business growth and deliver good results to meet the expectations of our shareholders and investors.

To continue to be in a leadership position in the competitive environment, we proactively monitor the external business and macroeconomic climate affecting our business and address any issue strategically. We keep up-to-date with best practices by setting up good management practices, with effective operational processes to ensure a smooth practical workflow. We highlight to all our staff the importance of delivering top-notch customer services, which exceed customers' expectations.

The Group continually aim to enhance its IR practices for its stakeholders' benefit. We are a member of the Investor Relations Professionals Association (Singapore) for 2020. The association's primary goals include championing IR best practice, enhancing professional competencies and elevating the overall standard of the IR profession in Singapore.

### PRACTISING GOOD CORPORATE GOVERNANCE

As a listed company, OKP is committed to ensuring excellent corporate governance, whereby it manages, directs and balances the interests of all its stakeholders, which include customers, workforce, suppliers, business



OKP's corporate website.



OKP Annual Report 2020.

partners, investors and the public. We passionately believe that solid corporate governance is vital in gaining and maintaining investors' confidence and support as well as drawing in fresh investors.

The Group supports the pledge towards board diversity, which was introduced for listed companies by the Singapore Institute of Directors and Singapore Exchange (SGX) in 2016. The pledge states:

"We, as corporations, are committed to promoting diversity as a key attribute of a well-functioning and effective board. We believe that a diverse board will enhance decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the board."

Within our company, we have instituted processes to strengthen our corporate governance framework to provide greater transparency and accelerate management decision-making procedures, as well as boost management oversight. One of the ways we do this is by adopting the criteria used to score the Singapore Governance and Transparency Index (SGTI) ranking for SGX companies, which is an initiative administered by CPA Australia, National University of Singapore Business School's Centre for Governance, Institutions and Organisations, and the Singapore Institute of Directors.

Currently in its 12th year, the SGTI is a unified framework comprising two separate categories – the General Category, and the Reit and Business Trust Category. For the General Category, the SGTI score has two components – base score and adjustment for bonuses and penalties. The base score for companies contains five pillars (BREAD) – board responsibilities (35 points), rights of shareholders (20 points), engagement of stakeholders (10 points), accountability and audit (10 points), and disclosure and transparency (25 points). All these add up to a base score of 100 points. The aggregate of bonuses and penalties is incorporated to the base score to arrive at the company's SGTI total score.



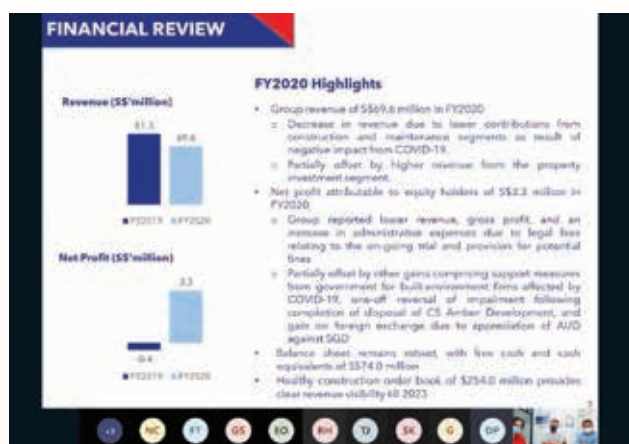
# GOVERNANCE AND SUSTAINABILITY

## INVESTOR RELATIONS

A Business Times report on 5 August 2020 ranked OKP 157 in the SGTI 2020 with an overall score of 75, including 2 bonus points. In comparison, it was ranked 101 in SGTI 2019 with an overall score of 74. The SGTI 2020 covers 577 listed companies in the General Category, and 45 Reits and Business Trusts that released their annual reports before end June 2020.

At OKP, our approach is to actively engage the investment community by providing the latest information on corporate developments to help investors and other stakeholders in making well-informed investment decisions. We believe that this transparency contributes greatly towards a good understanding of the Group and its activities, as well as allow the investing community to appraise our performance.

Our representatives took part in SID Directors Virtual Conference 2020 with the theme Living in a Covid-19 World: A Singapore Perspective, which was held on 25-26 August 2020.



OKP held a virtual results briefing for FY2020.

### > INVESTOR RELATIONS POLICY

We have a clear IR policy, which is to ensure objective, transparent and principled business dealings with all our stakeholders. We make sure that we release relevant and material information according to these basic principles and in accordance with the SGX's rules. We provide shareholders and other parties in the financial markets concurrently with the same and concurrent information about matters that may influence the movement of our share price.

The Group has won numerous awards and accolades over the years, which affirm its IR efforts and dedication to good corporate governance. These accolades include the following:

- Runner-up in the Most Transparent Company Award in the Construction and Materials, and Mainboard Small Caps categories at the Securities Investors Association (Singapore) (SIAS) 16th Investors' Choice Awards 2015;

- Best Investor Relations Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards (SCA) 2015;
- Merit for the Singapore Corporate Governance Award under Mainboard Small Caps category; and runner-up for the Most Transparent Company Award in the Constructions and Materials category at SIAS 15th Investors' Choice Awards 2014;
- Best Investor Relations Awards (Bronze) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2013;
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 14th Investors' Choice Awards 2013;
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 13th Investors' Choice Awards 2012;
- Best Investor Relations Awards (Bronze) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2012;
- Best Investor Relations Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2009; and
- Best Investor Relations Award (Silver) in the Small Market Capitalisation category at SCA 2008

### > DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of dividend payable on our shares will depend on several factors. These include our financial position, results of operations, capital needs, expansion plans, and what our Board of Directors deems appropriate. The Group has a dividend payout of 65.4% in 2020.

### ENGAGING ACTIVELY WITH SHAREHOLDERS

In today's demanding investment climate with calls for better corporate governance, we recognise the importance of engaging and communicating efficiently with all our stakeholders. However, with the restrictions imposed by the ongoing Covid-19 pandemic, physical meetings have been replaced by virtual connections. We seek to promote regular two-way investor communication by utilising various touchpoints with existing and potential investors, financial analysts and the media. These touchpoints include group briefings to analysts, media and investors; one-to-one meetings with shareholders and potential investors; annual general meetings, annual reports, and corporate announcements and online communication via the investor relations section of our corporate website.



# GOVERNANCE AND SUSTAINABILITY

## INVESTOR RELATIONS

More details of our activities are as follows:

### > ANNUAL GENERAL MEETING

The annual general meeting (AGM), which is held every April, is a key avenue for OKP to interact with investors. Depending on the coronavirus pandemic situation, the AGM may be held virtually.

Besides offering an opportunity for investors to clarify any issue, the AGM also allows the Board of Directors and senior management team to brief shareholders on the company's latest developments. The AGM also offers an opportunity for shareholders to ask questions and vote on the resolutions being tabled.

All Directors, especially the Chairpersons of the Audit, Nominating and Remuneration Committees, are available to answer questions from shareholders relating to the past, current and future directions of the Group's business, explain decisions made and address all concerns raised. Shareholders may also submit written questions relating to the statutory audit report and we will respond in an appropriate manner to their questions.

### > ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS

As an organisation which strives for clear, open and accurate disclosure to assist investors in making informed decisions on investments, we make it a priority to issue timely announcements on new contracts, strategic

developments, financial results and other significant information through the SGXNet website, press releases, email alerts and our investor-friendly website.

Our investor relations website is a key channel through which we disseminate our news to the investment community. It is a resource for corporate, financial and stock information, and announcements of significant business developments. The website also houses our quarterly results and annual reports. Since 2003, it has featured webcasts comprising videos of full-year results messages as well as presentation slides, thus enabling those who could not attend the AGMs to be kept well informed of our latest financial and operational performance. All our announcements are posted promptly on our website, following its release to the SGX to ensure fair, equal and immediate dissemination of information. In this way, all shareholders and investors can keep abreast of our latest business developments speedily and efficiently.

### > ANALYST AND MEDIA BRIEFINGS

Due to the Covid-19 coronavirus pandemic, face-to-face meetings have been replaced by virtual meetings. During the release of our quarterly results, the senior management team is available to meet with analysts to answer their questions and address any issue. Outside of the financial results announcement periods, where necessary and appropriate, the senior management team will also meet analysts and fund managers, to enable them to have greater insights into OKP's operations.



Live AGM webcast was held on 27 April 2020.



# GOVERNANCE AND SUSTAINABILITY

## INVESTOR RELATIONS



Group Managing Director Mr Or Toh Wat giving a briefing at the live AGM webcast.

Where appropriate during this restricted period and when opportunities arise, we also give media interviews to provide shareholders and the public with a better understanding of our business and management's direction.

News about OKP have been published in various newspapers, journals, magazines and broadcast media. These included The Business Times, Lianhe Zaobao, The Straits Times, The Edge Singapore, Singapore Business Review, Today Online, Shares Investment, Biz Daily Online, Reuters, Channel NewsAsia, High Net Worth, BT Invest, i3investor.com and Inside Invest Magazine. One of the articles included "High steel prices could hit construction industry" (The Business Times, 22 February 2021).

### > ANNUAL REPORT

Our annual report is a significant communication tool for stakeholders and other interested parties. Therefore, we give special attention to ensure that the publication gives an accurate and complete view of our activities during the year as well as our developments, policies and strategic direction in the near future.

The annual report and the notice of AGM are uploaded on SGXNet and the company's website at least 14 working days before the meeting. Our top-quality efforts have paid off and our annual reports have won numerous awards. These include:

- Best Annual Report Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at Singapore Corporate Awards (SCA) 2016;
- Best Annual Report Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2013;

- Best Annual Report Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2010;
- Best Annual Report Award (Silver) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2009;
- Best Annual Report Award (Gold) for SESDAQ company at the Inaugural SCA 2006 for excellent standards of corporate disclosure; and
- Second runner-up at 30th Annual Report Awards 2004 in the SESDAQ-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Association (Singapore), Singapore Institute of Management, Singapore Institute of Directors, Singapore Exchange Limited and The Business Times.

### > COMMUNICATING ONLINE

Technology is an important and invaluable tool today to communicate to all our stakeholders. Thus, we take full advantage of technology by conducting an annual webcast to communicate with our investors, taking questions online via an Online Management Question-and-Answer forum with investors through Shareinvestor.com.

Communicating online has gained greater importance as the coronavirus pandemic has imposed restrictions on people movement. Through this two-way platform, all shareholders and other interested parties will be able to email their feedback and queries to our management and be assured of an apt response. We also update our website regularly to provide the latest information on our operations and corporate developments.



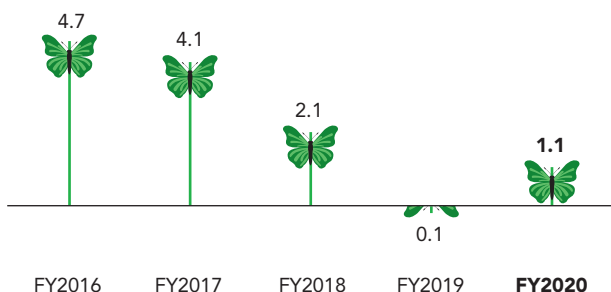


# GOVERNANCE AND SUSTAINABILITY

## INVESTOR RELATIONS

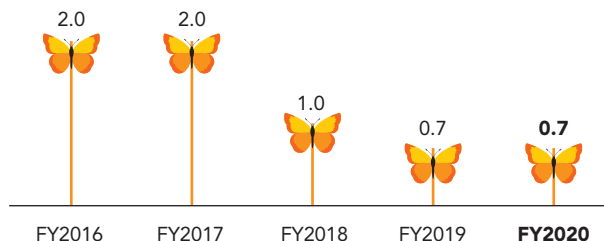
### INVESTOR'S RATIOS

#### BASIC EARNINGS PER ORDINARY SHARE (Cents)



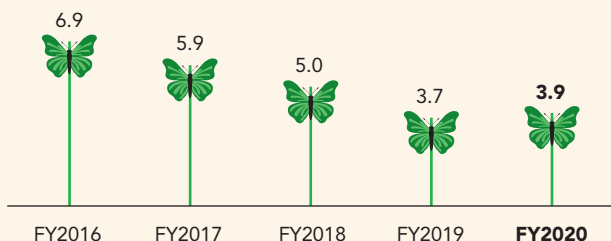
As a result of the profit attributable to equity holders, the company reported basic earnings per ordinary share of 1.1 cents in FY2020 as compared to a loss per ordinary share of 0.1 cent in FY2019.

#### GROSS DIVIDEND PER ORDINARY SHARE (Cents)



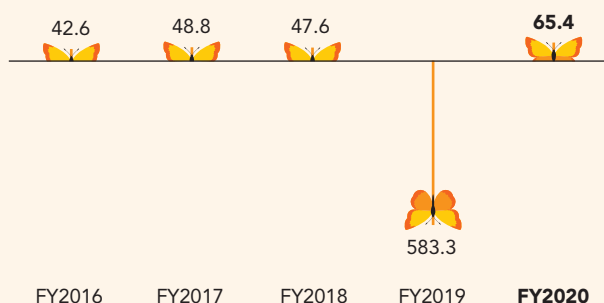
The company is proposing a final dividend of 0.7 cent per share for FY2020 for the approval of shareholders at the forthcoming annual general meeting of the company.

#### GROSS DIVIDEND YIELD (Per cent)



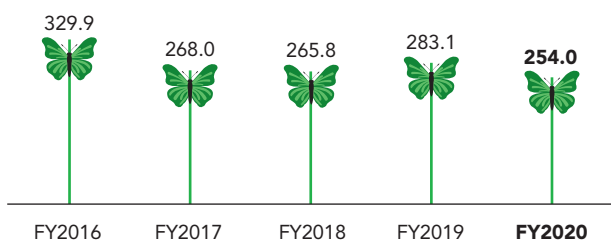
The gross dividend yield of 3.7 per cent is calculated based on the share price of 17.8 cent as at 31 December 2020.

#### GROSS DIVIDEND PAYOUT (Per cent)



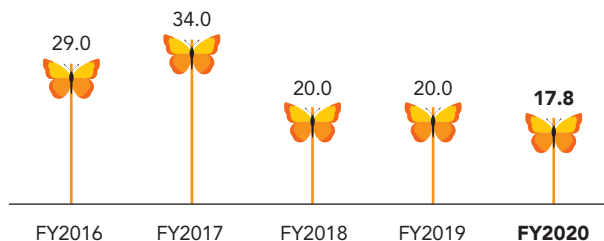
The company is proposing a final dividend of 0.7 cent per share for FY2020 representing a dividend payout ratio of 65.4 per cent.

#### NET ORDER BOOK (\$'Million)



The Group's net construction order book stood at \$254.0 million with projects extending till 2023.

#### SHARE PRICE (Cents)

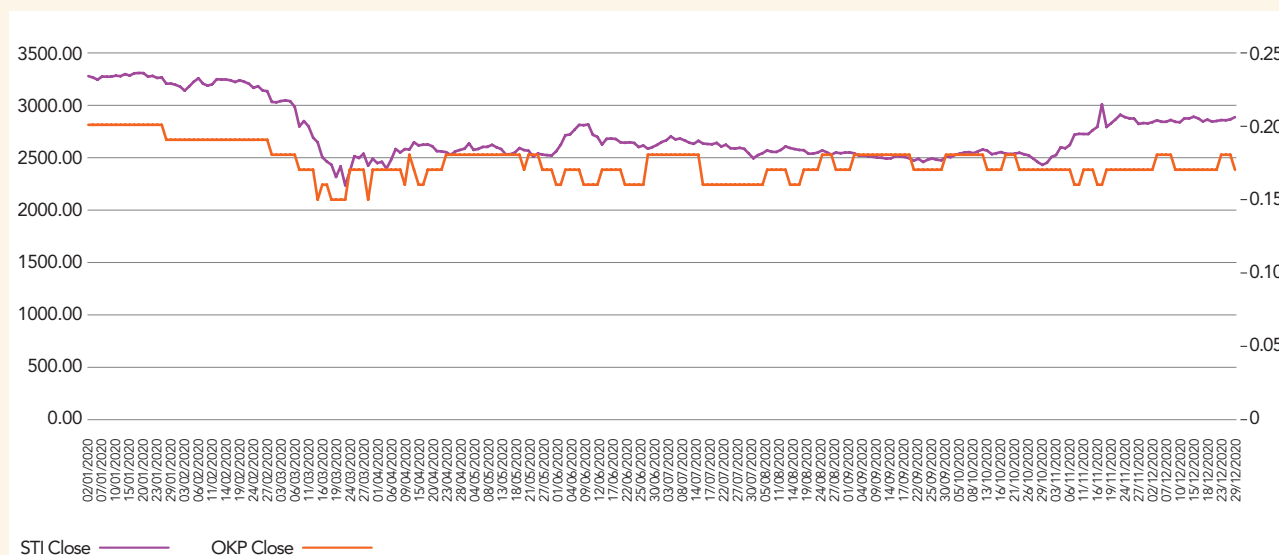


The price of our shares closed at 17.8 cents as at 31 December 2020.



# GOVERNANCE AND SUSTAINABILITY INVESTOR RELATIONS

## OKP SHARE PRICE VS STI INDEX 2020



	2016	2017	2018	2019	2020
Highest Price	\$0.31	\$0.45	\$0.35	\$0.23	\$0.20
Lowest Price	\$0.21	\$0.29	\$0.29	\$0.19	\$0.15
31 December Closing Price	\$0.29	\$0.34	\$0.20	\$0.20	\$0.18

## FINANCIAL CALENDAR

FY2021	
<b>22 February</b>	Announcement of full year results for financial year 2020
<b>1 April</b>	Despatch of Annual Report
<b>26 April</b>	19th Annual General Meeting
<b>7 May</b>	Books Closure for Dividend Entitlement
<b>17 May</b>	Payment of FY2020 Final Dividends
<b>July/August</b>	Announcement of half year results for financial year 2020
FY2020	
<b>28 February</b>	Announcement of fourth quarter and full year results for financial year 2019
<b>1 April</b>	Despatch of Annual Report
<b>27 April</b>	18th Annual General Meeting
<b>8 May</b>	Books Closure for Dividend Entitlement
<b>18 May</b>	Payment of FY2019 Final Dividends
<b>12 August</b>	Announcement of half year results for financial year 2019



# CORPORATE GOVERNANCE REPORT

At OKP, we are committed to ensuring high standards of corporate governance. We believe that sound corporate governance principles and practices will improve corporate transparency, accountability, performance and integrity, and at the same time, protect and enhance shareholder value.

The Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) requires all listed companies to describe, in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2018 (the Code).

The Group has reviewed and set out the corporate practices in place to comply with the Code, where appropriate, in this annual report.

We have presented our corporate governance policies and practices with reference to each of the principles and provisions of the Code in a tabular form, and explaining any deviations from the Code, taking into consideration the Practice Guidance relating to the Code.

The Board of Directors is pleased to confirm that for the financial year ended 31 December 2020, the Company has adhered to the principles and guidelines as set out in the Code. In so far as any principles and/or provisions have not been complied with, the reasons have been provided.

## 1. BOARD MATTERS

### The Board's Conduct of Affairs

*Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

#### **Our Policy and Practices:**

The principal functions of the Board, apart from its statutory responsibilities, are:

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
- Monitoring financial performance, including approval of the full year and periodic financial reports of the Company;
- Approving major investment and funding decisions;
- Reviewing the evaluation process on the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
- Overseeing the business and affairs of the Company, establishing the strategies and financial objectives to be implemented by the Management and monitoring the performance of the Management;
- Identifying the key stakeholder groups whose perceptions affect the Company's reputation;
- Setting the Company's values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;
- Considering sustainability issues such as environmental and social factors, as part of its strategic formulation; and
- Assuming responsibilities for corporate governance.

*Provision 1.1:  
Directors are fiduciaries who act objectively in the best interests of the company*

*Practice  
Guidance1:  
Board's role*

The Directors on the Board have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively. Every Director is expected, in the course of carrying out his or her duties and responsibilities, to act in good faith, provide insights and consider at all times the interests of the Company. Where a Director encounters any conflict of interests, he shall not participate in any discussions or decisions involving the issues of conflict.

*Practice  
Guidance1:  
Conflicts of interest*

The Board oversees the management of the Company. It focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. Every Executive Director receives appropriate training to develop individual skills in order to discharge his or her duties. The Group also provides information about its history, mission and values to the Directors. The Directors may, at any time, visit the Group's construction sites in order to gain a better understanding of business operations. There are also update sessions to inform the Directors on new legislations and/or regulations which are relevant to the Group. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Directors' disclosure obligations, Directors are briefed at Board meetings. During the financial year, the Directors were briefed by Nexia TS Public Accounting Corporation on the developments in financial reporting standards and the changes that affect the Group. In addition, the Company has signed up for a corporate membership with the Singapore Institute of Directors (SID) for three years. The objective is to be involved in SID's activities and enable the use of SID's one-stop corporate governance resources centre in order to improve OKP's corporate governance standards.

*Provision 1.2:  
Directors  
to receive  
appropriate  
training*

All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. The training programmes are conducted by the SID, Singapore Exchange, and business and financial institutions and consultants. All the related costs are borne by the Company. During the financial year, some of the Directors attended "SID Directors Virtual Conference 2020 – Living in a Covid-19 World: A Singapore Perspective" conducted by the Singapore Institute of Directors.

*Provision 1.2:  
Directors are  
provided with  
opportunities  
to develop and  
maintain their skills  
and knowledge  
at the company's  
expense*

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic plans and objectives. All Directors are appointed to the Board by way of a formal letter of appointment or service agreement setting out the scope of their duties and obligations. Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from the Management.

*Provision 1.2:  
Directors  
understand  
the company's  
business*

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Under the guidelines, all new investments, any increase in investment in businesses and subsidiaries, any divestments by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Company require the approval of the Board.

*Provision 1.3:  
Matters requiring  
Board approval*

The Board has established three board committees (Board Committees) to assist in the execution of its responsibilities. They are the Audit Committee (AC), the Remuneration Committee (RC) and the Nominating Committee (NC). The terms of reference and composition of each Board Committee are presented in the following sections of this Report.

*Provision 1.4:  
Disclosure on  
delegation of  
authority by  
Board to Board  
Committees*

*Practice Guidance  
1: Board  
organisation and  
support*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Board held two scheduled meetings in the financial year ended 31 December 2020. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2020 is disclosed below:-

	Board	Board Committees		
		Audit	Remuneration	Nominating
<b>Number of scheduled meetings held</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Name of Directors</b>				
Mr Or Kim Peow	2	*2	*1	*1
Mr Or Toh Wat	2	*2	*1	*1
Mdm Ang Beng Tin	2	*2	*1	*1
Mr Or Kiam Meng	2	*2	*1	*1
Mr Oh Enc Nam	2	*2	*1	*1
Mr Or Lay Huat Daniel	2	*2	*1	*1
Dr Chen Seow Phun, John	2	2	1	1
Mr Nirumalan s/o Kanapathi Pillai	2	2	1	1
Mr Tan Boen Eng	2	2	1	1

(\*) – attendance by invitation of the relevant Committee

Dates of Board, Board Committee and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board meeting can still participate in the meeting via telephone conference, video conference or other similar means of communication. Telephonic attendance and conference via audio and video communications at Board meetings are allowed under Regulation 120(2) of the Company's Constitution.

We believe that contributions from each Director can be reflected in ways other than the reporting of attendances of each Director at Board and/or Board Committee meetings. A Director would have been appointed on the strength of his or her calibre, experience and stature, and his or her potential to contribute to the proper guidance of the Group and its businesses.

To focus on a Director's attendance at formal meetings alone may lead to a narrow view of a Director's contribution. It may also not do justice to his or her contribution which can be in many different forms, including Management's access to him or her for guidance or exchange of views outside the formal environment of Board meetings. In addition, he or she may initiate relationships strategic to the interests of the Group.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as Directors. The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Following the cessation of quarterly reporting of financial statements by the Company, the Board has conducted a review and determined that a Director may hold up to 10 listed company board representations. None of the Directors of the Company hold more than 10 listed company board representations.

*Provision 1.5: Directors attend and actively participate in Board and Board Committee meetings*

*Provision 1.5: Directors with multiple board representatives give sufficient time and attention to the Company*

# CORPORATE GOVERNANCE REPORT (CONT'D)

We believe that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to be effective in the discharge of its duties. The Management is expected to provide the Board with information concerning the Company's progress or financial targets and other information relevant to the strategic issues facing the Company.

*Provision 1.6:  
Management to provide directors with complete, adequate and timely information prior to meetings*

The Management provides members of the Board with half-yearly management accounts, as well as relevant background information relating to the matters that are discussed at the Board meetings. Such reports keep the Board informed of the Group's performance, financial position and prospects, and consist of the consolidated financial statements, major operational updates, background or updates on matters before the Board for decision or information, minutes of the previous Board meeting, and minutes of meetings of all committees of the Board held since the previous Board meeting. Detailed board papers are sent out to the Directors at least three working days before the scheduled meetings so that the Directors may better understand the issues beforehand, allowing for more time at such meetings for questions that Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

All the Independent Directors have unrestricted access to the Management including the Group Financial Controller, other key management and the Company Secretary via telephone, e-mail and meetings. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished.

*Provision 1.7:  
Directors have separate and independent assess to management and company secretary*

Directors have separate and independent access to the Company Secretary. The role of the Company Secretary is clearly defined and includes responsibility for ensuring that the Board's procedures are followed and that applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board and Board Committees and assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act, the Securities and Futures Act and the Listing Manual of the SGX-ST. He also advises the Board on corporate governance matters.

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each member of the Board has direct access to the Group's independent professional advisors as and when necessary to enable each member to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

## **Board Composition and Guidance**

*Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

### **Our Policy and Practices:**

Currently, the Board consists of nine Directors, of whom three are considered independent by the Board. The Independent Directors constitute one-third of the Board. This enables the Management to benefit from their external, diverse and objective perspective of issues that are brought before the Board. The Board interacts and works with the Management through a constructive exchange of ideas and views to shape the strategic process.

*Practice Guidance  
2: Director  
Independence*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The independence of each Director is reviewed by the NC on an annual basis. Each Independent Director is required to complete a checklist annually to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code. The NC adopts the Code's definition of what constitutes an "independent" Director in its review. The NC takes into account, among other things, whether a Director has business relationships with the Company, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

*Provision 2.1: NC adopts the definition of what constitutes an "independent director"*

One of the Directors, Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of Niru & Co LLC, which provides legal and professional services to the Group from time to time. The NC is of the view that the business relationship with Niru & Co LLC will not interfere with the exercise of independent judgement by Mr Niru in his role as an Independent Director as matters involving the Group are usually handled by the other directors of Niru & Co LLC. As such, the NC considers Mr Niru to be independent. No services were rendered by and no payment was made to Niru & Co LLC in the financial year ended 31 December 2020.

The Group Chairman, Mr Or Kim Peow, and the Group Managing Director, Mr Or Toh Wat, are immediate family members as well as part of the Management. However, the Board is of the opinion that based on the Group's current size and operations, it is not necessary nor cost-effective to have independent directors make up a majority of the Board. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

*Provisions 2.2 and 2.3: Independent directors to make up a majority of the Board where Chairman is not independent and non-executive directors make up majority of the Board*

The Independent Directors are non-executive Directors of the Company. They constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

*Practice Guidance 2: Proportion of non-executive directors*

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company.

*Provision 2.4: The Board is of an appropriate size*

The Board reviews its composition from time to time and seeks to maintain a diversity of expertise, skills, gender, age, ethnicity and other attributes among the Directors. The Board comprises businessmen with vast business or management experience, industry knowledge and strategic planning experience and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are found in the "Board of Directors" section of the Annual Report. The NC is satisfied that the current Board comprises persons who, as a group, provide core competencies, such as accounting or finance, business or management experience, industry knowledge and strategic planning experience, required for the Board to be effective.

*Practice Guidance 1: Director competencies*

The Board is of the view that gender is one aspect of diversity and will ensure that any brief to external consultants to search for candidates for appointment to the Board will include a requirement to present female candidates. In relation to gender diversity, one out of the nine Board members is female.

*Practice Guidance 2: Board diversity policy*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The NC and the Board determine annually whether a Director who has served on the Board beyond nine years from the date of his first appointment, is independent, taking into account the need for progressive refreshing of the Board. The Board observes that the Independent Directors who have served on the Board for more than nine years have been exercising independent judgement in the best interests of the Company in the discharge of their duties and should continue to be deemed independent. The Board recognises the contribution of the Independent Directors who over time have developed deep insights into the Group's business and operations, and who are therefore able to provide invaluable contributions to the Board. It is also noted that each of them is able to exercise objective judgement on commercial and corporate governance matters independently. They seek clarification as they deem necessary, with direct access to the Management. As such, the Board would propose to extend the term and retain the services of the Director rather than lose the benefit of his or her contribution. After due consideration and careful assessment, the NC and the Board are of the view that Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng continue to be independent, notwithstanding that they have served on the Board for more than nine years.

*Practice Guidance  
2: Director  
independence*

With effect from 1 January 2022, the SGX-ST Listing Manual requires the continued appointment of a director as an independent director to be approved in separate resolutions by (i) all shareholders, and (ii) shareholders, excluding the directors and the chief executive officer of the issuer and their associates (Two-Tier Voting). Such resolutions may remain in force until the earlier of (a) the retirement or resignation of the director, or (b) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions. In view of the aforesaid requirement, the Board will propose the continued appointment of Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng as independent directors for approval by way of Two-Tier Voting at the Company's forthcoming Annual General Meeting.

The Independent Directors met amongst themselves without the presence of the Management once in respect of the financial year ended 31 December 2020. The Lead Independent Director provides feedback to the Board where appropriate.

*Provision 2.5:  
Regular meetings  
of non-executive  
directors*

## **Chairman and Chief Executive Officer**

*Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

### **Our Policy and Practices:**

The Company believes that a distinct separation of responsibilities between the Group's Chairman (Group Chairman) and the Group's Managing Director (Group MD) will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The posts of Group Chairman and Group MD are held by Mr Or Kim Peow and Mr Or Toh Wat respectively. Mr Or Toh Wat is the son of Mr Or Kim Peow. Both are Executive Directors.

*Provision 3.1:  
Chairman and  
CEO are separate  
persons*



# CORPORATE GOVERNANCE REPORT (CONT'D)

As Group Chairman, Mr Or Kim Peow is primarily responsible for overseeing the overall management and strategic development of the Group. His responsibilities include:

- Determining the Group's strategies;
- Promoting high standards of corporate governance;
- Ensuring effective succession planning for all key positions within the Group;
- Scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Setting the meeting agenda (in consultation with the Group MD);
- Assisting in ensuring the Group's compliance with the Code;
- Ensuring that Board meetings are held when necessary; and
- Reviewing relevant board papers before they are presented to the Board.

*Provision 3.2:  
Chairman's and  
CEO's roles*

*Practice Guidance  
1: Scope of  
Director Duties*

As Group MD, Mr Or Toh Wat is responsible for effectively managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board. Mr Or Toh Wat executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses. His responsibilities include:

- Executing and developing the Group's strategies and business objectives;
- Reporting to the Board on all aspects of the Group's operations and performance;
- Providing quality leadership and guidance to employees of the Group; and
- Managing and cultivating good relationship and effective communication with the media, shareholders, regulators and the public.

Both the Group Chairman and the Group MD exercise control over the quality, quantity and timeliness of information flow between the Board and the Management, and between the Executive Directors and Independent Directors.

Both the Group Chairman and the Group MD also ensure effective communication with shareholders. They take a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretary and the Management. The Group MD, assisted by the Management, makes strategic proposals to the Board and after constructive board discussion, executes the agreed strategy, manages and develops the Group's businesses, and implements the Board's decision.

In view that the Group Chairman and the Group MD are immediate family members, the Board has appointed Dr Chen Seow Phun, John as Lead Independent Director (LID) to lead and coordinate the meetings and activities of the Independent Directors. The LID is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Group Chairman or the Management are inappropriate or inadequate.

*Provision 3.3:  
Appointment  
of LID*

*Practice Guidance  
2: Role of the LID*

The Independent Directors, led by the LID, provide leadership in situations where the Group Chairman is conflicted.

## **Board Membership**

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

## **Our Policy and Practices:**

The NC was formed on 10 July 2002 and comprises entirely Independent Directors, namely:

Mr Tan Boen Eng (Chairman)  
Dr Chen Seow Phun, John (Member)  
Mr Nirumalan s/o V Kanapathi Pillai (Member)

*Provision 4.2:  
The NC comprises  
at least three  
directors, majority  
of whom are  
independent*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The key terms of reference of the NC are as follows:

- To make recommendations to the Board on relevant matters relating to the review of board succession plans for Directors in particular the appointment and/or replacement of the Chairman, Group MD and key management personnel;
- To review nominations for the appointment and re-appointment of Directors to the Board and the various Board Committees;
- To decide on how the Board's performance may be evaluated, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director;
- To decide, where a Director has multiple board representations, whether the Director is able to and has been adequately carrying out his duties as Director of the Company;
- To review training and professional development programmes for the Board and its directors;
- To ensure that all Directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years; and
- To determine on an annual basis whether or not a Director is independent.

*Provision 4.1:  
NC to make  
recommendation  
to the Board on  
relevant matters*

The NC is charged with the responsibility of re-nominating the Directors. Pursuant to Regulation 107 of the Company's Constitution, one-third of the Directors shall retire from office at the Company's Annual General Meeting (AGM). In addition, Regulation 109 provides that the retiring Directors are eligible to offer themselves for re-election.

When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC has put in place a process for the selection of new Directors and re-election of incumbent Directors to increase transparency of the nominating process in identifying and evaluating nominees. The NC leads the process and makes recommendations to the Board as follows:

*Provision 4.3:  
The Company  
discloses the  
process for  
the selection,  
appointment and  
re-appointment of  
directors to  
the Board*

- (a) the NC will evaluate the candidates skilled in core competencies such as technical, financial or legal expertise and experience in a similar or related industry, determine the selection criteria in consultation with the Board, and select candidates with the appropriate expertise and experience for the position, taking into account the value of gender diversity on the Board;
- (b) the NC will use external help, which includes the Company's auditors, its human resources consultants and the Singapore Institute of Directors, to source for potential candidates if needed. Directors and the Management may also make recommendations;
- (c) the NC meets the shortlisted candidates to assess suitability and ensure that candidates are aware of the expectation and the level of commitment required; and
- (d) the NC then makes recommendations to the Board for approval.

*Practice Guidance  
4: Selection,  
appointment and  
re-appointment  
process*

The NC is also charged with determining annually whether or not a Director is independent. Annually, each Independent Director is required to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code. The NC is of the view that the Independent Directors are independent. The continued appointment of the Independent Directors will be subject to approval by Two-Tier Voting at the forthcoming AGM.

*Provision 4.4:  
NC to determine  
director  
independence  
annually*

Currently, the Company does not have alternate directors.

*Practice Guidance  
4: Appointment of  
alternate directors*

# CORPORATE GOVERNANCE REPORT (CONT'D)

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, is set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Report" section of the Annual Report.

*Provision 4.5:  
Key information  
regarding  
directors*

The dates of initial appointment and last re-election of each of the Directors are set out below:

Name	Age	Position	Date of initial appointment	Date of last re-election
Mr Or Kim Peow	86	Group Chairman	15 February 2002	27 April 2020
Mr Or Toh Wat	53	Group Managing Director	15 February 2002	26 April 2018
Mdm Ang Beng Tin	65	Executive Director	20 March 2002	26 April 2018
Mr Or Kiam Meng	56	Executive Director	20 March 2002	27 April 2020
Mr Oh Enc Nam	65	Executive Director	20 March 2002	29 April 2019
Mr Or Lay Huat Daniel	43	Executive Director	1 August 2006	29 April 2019
Dr Chen Seow Phun, John	67	Lead Independent Director	25 June 2002	27 April 2020
Mr Nirumalan s/o V Kanapathi Pillai	68	Independent Director	1 June 2005	26 April 2018
Mr Tan Boen Eng	88	Independent Director	25 June 2002	29 April 2019

Mdm Ang Beng Tin is the wife of Mr Or Kim Peow. Mr Or Toh Wat, Mr Or Kiam Meng and Mr Or Lay Huat Daniel are the sons of Mr Or Kim Peow. Mr Oh Enc Nam is the nephew of Mr Or Kim Peow.

Mr Or Toh Wat, Mdm Ang Beng Tin and Mr Nirumalan s/o V Kanapathi Pillai will retire by rotation at the forthcoming AGM and be subject to re-election by the Company's shareholders.

The NC ensures that new directors are aware of their duties and obligations.

*Provision 4.5:  
New directors  
are aware of  
their duties and  
obligations*

## **Board Performance**

*Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

## **Our Policy and Practices:**

We believe that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led and managed. The Board's performance is also tested through its ability to lend support to the Management, especially in times of crisis and to steer the Group in the right direction.

# CORPORATE GOVERNANCE REPORT (CONT'D)

Based on the recommendations of the NC, the Board has established processes and objective performance criteria for assessing the effectiveness of the Board as a whole and the effectiveness of individual Directors.

(a) Assessment of the effectiveness of the Board as a whole

The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist. The Board Assessment Checklist takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance which allow for comparison with industry peers. The selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2020.

(b) Assessment of the contribution of individual Directors to the effectiveness of the Board

At the end of each financial year, the NC will evaluate the performance of each Director. The criteria include the level of participation in the Company such as his or her commitment of time to the Board and Board Committee meetings and his or her performance of tasks delegated to him or her. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2020.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board. The assessment exercise also assists the Directors to focus on their key responsibilities. It also helps the NC in determining whether to re-nominate Directors who are due for retirement at the next AGM, and in determining whether Directors with multiple board representatives are able to and have adequately discharge their duties as Directors of the Company.

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2020.

*Provisions 5.1 and 5.2 and Practice Guidance 5: Board to implement process to address how the Board's performance may be evaluated and disclose the process in annual report*

# CORPORATE GOVERNANCE REPORT (CONT'D)

## 2. REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

### **Our Policy and Practices:**

We believe that a framework of remuneration for the Board and key executives should be linked, among other things, to the development of the Management's and key executives' strengths to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the Company.

The RC was formed on 10 July 2002 and comprises entirely Independent Directors, namely:

Mr Nirumalan s/o V Kanapathi Pillai (Chairman)  
Dr Chen Seow Phun, John (Member)  
Mr Tan Boen Eng (Member)

The key terms of reference of the RC are as follows:

- To recommend to the Board a framework of remuneration for Board members and key management personnel;
- To recommend to the Board the specific remuneration packages for each Director and key management personnel, which cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- To determine the appropriateness of the remuneration of non-Executive Directors taking into consideration the level of their contribution; and
- To review and recommend to the Board the terms of renewal of the service contracts of Executive Directors.

None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him.

The RC recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximise shareholder value. The members of the RC do not participate in any decisions concerning their own remuneration.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC aims to be fair and avoid rewarding poor performance. The RC will obtain advice from external consultants for benchmarking, where necessary.

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other listed companies. The RC may from time to time seek advice from external remuneration consultants who are unrelated to the Company, at its discretion.

*Provision 6.1:  
The Board establishes RC to review and make recommendation*

*Provision 6.2:  
RC comprises at least three non-executive directors, majority of whom are independent*

*Practice Guidance 6: There should be written terms of reference which clearly spell out authority and duties of the RC*

*Provision 6.3:  
RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

*Provision 6.4:  
The company discloses the engagement of any remuneration consultants*

# CORPORATE GOVERNANCE REPORT (CONT'D)

## Level and Mix of Remuneration

*Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

### **Our Policy and Practices:**

The Company has a staff remuneration policy which comprises a fixed component and a variable component.

The fixed component comprises basic salary plus other fixed allowances. To ensure that key executives' remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2020, variable or performance-related income/bonus made up 14.0% to 17.0% of the total remuneration of each Executive Director. The variable remuneration is reviewed and approved by the RC to ensure alignment of the Directors' interests with those of shareholders and promote the long-term success of the Group.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the employment conditions in the industry and in comparable companies. The Company benchmarks the Directors' annual fixed salary at the market median with the variable compensation being performance driven.

The Independent Directors do not have any service agreements with the Company. They are paid director's fees, which are proposed by the Board based on the effort, time spent and responsibilities of the Independent Directors. Each of the Independent Directors receives a base director's fee. Independent Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairmen of the Board Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committee. The director's fees are subject to approval by the shareholders at each AGM of the Company. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

The RC has reviewed and approved the service agreements of all the Executive Directors. Each of the Executive Directors has a formal service agreement which is automatically renewed on a yearly basis. There are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving the Executive Director one month's notice in writing, or in lieu of notice, payment of one month's salary based on the Executive Director's last drawn salary. Executive Directors are not paid directors' fees.

There are no termination or retirement benefits that are granted to the Directors. The RC is currently reviewing if it is necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Directors in the event of such breach of fiduciary duties.

*Provision 7.1: Proportion of remuneration is structured so as to link rewards to corporate and individual performance*

*Practice Guidance 7: The Company's remuneration framework should be tailored to the specific role and circumstances of each director and key management personnel*

*Provision 7.2: Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities*

*Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company*



# CORPORATE GOVERNANCE REPORT (CONT'D)

## Disclosure on Remuneration

*Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

### Our Policy and Practices:

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the top five key management personnel (who are not Directors of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel. The remuneration levels are in line with industry practices and the variable bonuses are linked to the Company's and the individual's performance.

Executive Directors do not receive directors' fees. The Company advocates a performance-based remuneration system for Executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2020 is as follows:

Remuneration Band & Name of Director	Base/ fixed salary*	Variable or performance related income/ bonuses	Directors' fees**	Directors' Allowance	Benefits-in-kind	Total
<b>\$500,000 to \$749,999</b>						
Mr Or Kim Peow	67.0%	14.0%	–	14.0%	5.0%	100.0%
<b>\$250,000 to \$499,999</b>						
Mr Or Toh Wat	64.0%	17.0%	–	14.0%	5.0%	100.0%
Mdm Ang Beng Tin	63.0%	15.0%	–	17.0%	5.0%	100.0%
Mr Or Kiam Meng	64.0%	17.0%	–	14.0%	5.0%	.0%
Mr Oh Enc Nam	64.0%	17.0%	–	15.0%	4.0%	100.0%
Mr Or Lay Huat Daniel	64.0%	17.0%	–	14.0%	5.0%	100.0%
<b>Below \$250,000</b>						
Dr Chen Seow Phun, John	–	–	100%	–	–	100.0%
Mr Nirumalan s/o V Kanapathi Pillai	–	–	100%	–	–	100.0%
Mr Tan Boen Eng	–	–	100%	–	–	100.0%

#### Notes:

\* Inclusive of Central Provident Fund contributions

\*\* These fees are subject to the approval of the shareholders at the forthcoming AGM

The Group has three key management personnel (who are not Directors of the Company).

*Provisions 8.1, 8.2 and 8.3: Remuneration of Directors and top 5 key management personnel*

# CORPORATE GOVERNANCE REPORT (CONT'D)

A breakdown showing the level and mix of the three key management personnel (who are not Directors of the Company) in the financial year ended 31 December 2020 is as follows:

Remuneration Band & Name of Director	Base/fixed salary*	Variable or performance related income/bonuses	Benefits-in-kind	Total
<b>Below \$250,000</b>				
Ms Ong Wei Wei	84.0%	13.0%	3.0%	100.0%
Mr Or Yew Whatt <sup>(1), (3)</sup>	82.0%	13.0%	5.0%	100.0%
Mr Oh Kim Poy <sup>(2), (3)</sup>	86.0%	14.0%	–%	100.0%

\* Inclusive of allowances and Central Provident Fund contributions

(1) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow, the Group Chairman and the brother of Mr Oh Enc Nam, the Executive Director.

(2) Mr Oh Kim Poy is the brother of Mr Or Kim Peow, the Group Chairman.

(3) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary of the Company.

The total remuneration paid to the above key management personnel for the financial year ended 31 December 2020 was \$609,286 (31 December 2019: \$729,915).

Save as disclosed above, there was no employee of the Company and its subsidiary corporations who are substantial shareholders of the company, or are immediate family members of a Director, the Group MD or a substantial shareholder and whose remuneration exceeded \$100,000 during the financial year ended 31 December 2020. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of each employee who was an immediate family member of a Director in bands of up to \$100,000.

The Company has adopted the OKP Performance Share Scheme ("PSS") to increase the Company's flexibility and effectiveness in its continual efforts to reward, retain and motivate employees to achieve superior performance. The PSS was approved by the shareholders at the Extraordinary General Meeting held on 29 April 2019 and is in force for a period of 10 years. Please refer to the Company's circular dated 1 April 2019 for details of the PSS.

Since the commencement of the PSS and during the financial year under review, no award of shares have been granted under the PSS.

*Provision 8.2:  
Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds \$100,000*

*Provision 8.3:  
Details of employees share schemes*



# CORPORATE GOVERNANCE REPORT (CONT'D)

## 3. ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

*Principle 9: The Board is responsible for the governance of risks and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

#### **Our Policy and Practices:**

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. The Company's approach to risk management is set out in the "Risk Assessment and Management" section on pages 123 to 131 of this Annual Report.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. In addition, the Board sets the appropriate risk tolerance limits for each risk by considering the relative importance of the objectives.

The AC reviews the effectiveness and adequacy of the Group's risk management framework and internal control systems including financial, operational, compliance and information technology controls on an annual basis. In August 2012, the AC engaged an external risk management consultant, Nexia TS Risk Advisory Pte Ltd, to conduct an independent review of the effectiveness and adequacy of the Group's risk management policies and processes and make recommendations to enhance the internal controls over the risk management processes.

On an annual basis, the internal auditors will conduct a review of the internal controls which address the risks identified by the external risk management consultant. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditors in the course of their statutory audit.

The Management has made reference to the report prepared in August 2012 and reported to the AC for the financial year ended 31 December 2020, on the Group's risk profile, the status of the risk mitigation action plans and updates on the following areas:

- Description of the procedures and systems in place to identify and assess risks to the Group's businesses;
- Identify the gaps in the risk management processes and action plans to address the gaps; and
- Plan/actions undertaken by the Management to manage the key risk areas.

The Board, with the assistance of the AC, has undertaken an annual assessment of the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The Board has taken into account all significant aspects of risks, especially the safety aspects following a worksite incident at TPE/PIE on 14 July 2017. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board has reviewed the risks which the Group is exposed to and understood the internal controls in place to manage them.

The Board has always believed that it should conduct itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices as a means to build an excellent business for the shareholders. The Board is accountable to shareholders for the Company's performance.

*Provision 9.1:  
The Board determines the nature and extent of the significant risks which the Company is willing to take*

# CORPORATE GOVERNANCE REPORT (CONT'D)

Prompt fulfilment of statutory reporting requirements is but one way to maintain the shareholders' confidence and trust in the Board's capability and integrity. The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a regular basis. This responsibility extends to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

The Board reviews operational and regulatory compliance reports from the Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a periodic basis. Furthermore, the Management has been providing all the Executive Directors (who represent more than 60 per cent of the Board) with monthly consolidated financial reports. However, such monthly consolidated financial reports may not always be reflective of the true and fair view of the financial position of the Group.

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC. The external risk management consultant and the internal auditors assist the AC in carrying out its responsibility.

The Board has obtained written assurance from the Group MD and the Group Financial Controller that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

*Provision 9.2:  
The Board  
received assurance  
from the CEO  
and CFO*

Based on (i) the Group's framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; and (iii) the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 31 December 2020.

*SGX Listing Rule  
1207(10)*

## **Audit Committee**

*Principle 10: The Board has an Audit Committee (AC) which discharges its duties objectively.*

### **Our Policy and Practices:**

The AC of the Company was formed on 10 July 2002 and comprises entirely Independent Directors, namely :

Dr Chen Seow Phun, John (Chairman)  
Mr Nirumalan s/o V Kanapathi Pillai (Member)  
Mr Tan Boen Eng (Member)

*Provision 10.2:  
The AC comprises  
at least three  
non-executive  
directors, majority  
of whom are  
independent*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The AC members were selected based on their expertise and prior experience in the area of financial management. Dr Chen Seow Phun, John is a businessman. Mr Nirumalan s/o V Kanapathi Pillai is the senior director of a law firm and Mr Tan Boen Eng is a certified public accountant by profession. The Board is of the view that all members of the AC have the relevant accounting or related financial management expertise and experience to discharge their responsibilities as members of the AC.

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and cooperation of, the Management. The AC has full discretion to invite any Director or key management personnel to attend its meetings, as well as access to reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the independent auditors.

*Provision 10.1:  
Duties of the AC*

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities. The AC carries out its functions in accordance with the Companies Act and the Code. The key terms of reference of the AC are as follows:

- To review audit plans of the Company's external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the external auditors;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the external audit, and where the external auditors provide non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the external auditors;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release of the results announcement to the SGX-ST;
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assurance from the Group MD and Group Financial Controller on the financial records and financial statements;
- To recommend to the Board the appointment, re-appointment or removal of the external auditors and approve the remuneration and terms of engagement of the external auditors; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

*Provision 10.3:  
The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The AC selects and approves the appointment of the internal auditors (IA). The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd during the financial year ended 31 December 2020. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

*Provision 10.4:  
Primary reporting  
line of the internal  
audit function is to  
the AC*

The AC met with the external auditors two times during the financial year ended 31 December 2020 and once in February 2021, without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC. The AC also met with the internal auditor without the presence of the Management once in February 2021.

*Provision 10.5:  
AC meets with the  
external auditors  
and IA without the  
presence of the  
Management*

The AC has evaluated the quality of work performed by the external auditors based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria, including emphasis on quality by the audit engagement partner and the audit firm, allocation of adequate and appropriate human resources, substantial involvement of the audit engagement partner and exercise of professional scepticism. The AC has reviewed and is satisfied with the standard of the external auditors' work.

*Provision 10.1(e):  
AC to review  
the adequacy,  
effectiveness,  
independence,  
scope and results  
of the external  
audit of the  
company*

The fees paid by the Company to the external auditors for audit and non-audit services (namely, tax advice) in the financial year ended 31 December 2020 amounted to \$169,110 (2019: \$161,000) and \$35,200 (2019: \$32,250) respectively. The AC has undertaken a review of all non-audit services provided to the Company by the external auditors and, in the AC's opinion, they would not affect the independence of the external auditors. As such, the AC has recommended the re-nomination of the external auditors.

Some of the joint venture companies and associated companies of the Group are being audited by independent auditors other than those of the Company. The AC is satisfied that the scope of the audit performed by these other independent auditors is adequate.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

Pursuant to the requirements of the SGX-ST, an audit partner must not be in charge of more than five consecutive annual audits but may then return after two years. The financial year ended 31 December 2020 is the third year for which the current audit partner of Nexia TS Public Accounting Corporation is in charge of the audit of the Group.

## **Whistle-Blowing Policy**

The Company has put in place a whistle-blowing policy since December 2006 to provide employees with an avenue to raise concerns about possible improprieties in financial reporting or other matters, and the AC is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

*Provision 10.1(f):  
AC to review the  
existence of the  
whistle-blowing  
policy*

Following the implementation of the whistle-blowing policy, a set of fraud policy which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud, corruption, dishonest practices or other misconduct which may be made, so that:

- (a) All cases reported are objectively investigated, treated fairly and, to the extent possible, be protected from reprisal;
- (b) Appropriate remedial measures are taken where warranted; and
- (c) Appropriate action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

# CORPORATE GOVERNANCE REPORT (CONT'D)

A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on the financial statements before an audit commences. During the financial year ended 31 December 2020, the changes in accounting standards did not have any significant impact on the Company's financial statements. The AC also attended external seminars on finance, corporate governance, regulatory and other business related topics.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Company.

*Practice Guidance 10: AC to ensure internal audit function is adequately resourced*

The AC is satisfied that the IA is staffed by suitably qualified and experienced personnel. The IA team comprises one executive director and one internal audit manager. The executive director is a member of the Singapore Chapter of the Institute of Internal Auditors. The IA is expected to meet or exceed the standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC had reviewed and approved the internal audit plan and reviewed the results of the internal audit. The AC is satisfied that the internal audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

*Practice Guidance 10: AC to ensure adequacy and effectiveness of the internal audit function*

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. Internal audit plans are also aligned with the Company's risk management programme. The aim is to ensure that an effective and efficient control environment is in place to manage those risks exclusive to a particular business unit in addition to those that may be relevant on an enterprise-wide basis. During the year, the IA adopted a risk-based approach with the overall objective to focus on control weaknesses which had been highlighted by Nexia TS Risk Advisory Pte Ltd, the external risk management consultant, who had been engaged by the Company in 2012 to conduct an independent review of the effectiveness and adequacy of the Group's risk management policies and processes.

The AC is responsible for hiring and evaluating the IA by examining:

- (1) the internal audit charter;
- (2) the scope of the IAs' work;
- (3) the quality of their reports and
- (4) their independence of the areas reviewed.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## 4. SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

*Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

#### **Our Policy and Practices:**

Shareholders are informed of general meetings through notices published in the newspapers and reports or circulars sent to all shareholders and via the Company's website. The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. Shareholders are informed of the voting rules and procedures at the general meeting.

*Provision 11.1: The company provides shareholders with opportunity to participate effectively and vote at general meetings*

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's provision regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

*Provision 11.2: Company tables separate resolutions at general meeting*

The Group Chairman, Group MD, Directors, Group Financial Controller and Company Secretary are in attendance at AGMs and EGMs to take questions and feedback from shareholders. The members of the AC, NC and RC are also present at AGMs to answer questions relating to the work of these committees. The external auditors, Nexia TS Public Accounting Corporation, are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditors' report.

*Provision 11.3: All directors attend general meetings of shareholders*

In view of the COVID-19 outbreak and the safe distancing measures implemented by the authorities, the Company held its AGM on 27 April 2020 by electronic means in line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders were requested to submit questions relating to the items on the agenda of the AGM via a website link and the questions (including questions received from the Securities Investors Association (Singapore)) were addressed ahead of the AGM. Shareholders who wish to vote at the AGM were requested to submit a proxy form appointing the Chairman of the AGM to cast votes on their behalf. The forthcoming AGM in April 2021 will also be held by electronic means.

The Company strives to maintain a high standard of transparency and to promote better investor communications. The Board supports active shareholder participation at AGMs and EGMs and views such general meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The Annual Report is available on SGXNet and the Company's corporate website and may be sent to shareholders upon request.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Company believes in encouraging shareholder participation at general meetings. The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

*Provision 11.4: Shareholders should be allowed vote in absentia*

The Company prepares minutes of general meetings and makes these minutes of the discussion at the general meetings available to shareholders upon their request. Where the AGM is held by electronic means, the minutes will be made available on SGXNet and the Company's corporate website within one month after the AGM.

*Provision 11.5: Minutes to be available to shareholders*

## **Dividend policy**

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

*Provision 11.6: The Company has a dividend policy*

Over the past five financial years up to 2020, the Group had declared total annual dividends at the rate of approximately 42.6% to 65.4% of the net profit attributable to equity holders of the Company. To reward shareholders for their continuous support, the Group has proposed a final dividend of 0.70 cents per share for the financial year ended 31 December 2020.

Any dividend payments are clearly communicated to shareholders via announcements on SGXNET.

## **Engagement with Shareholders**

*Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

### **Our Policy and Practices:**

The Company believes in regular and timely communication with shareholders as part of its organisational development to provide clear and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. All shareholders are treated fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

*Provision 12.1: Company provides avenues for communication with shareholders*

The Company has a dedicated Investor Relations (IR) team which regularly communicates with shareholders, analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries. For details on the Group's IR activities, please refer to the IR section on pages 91 to 96 of this Annual Report.

*Provisions 12.2 and 12.3: Company has in place an investor relations policy which allows for an ongoing exchange of views and sets out the mechanism through which shareholders may contact the company*

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the SGX-ST's listing rules. Information is communicated to shareholders on a timely basis through:

- Annual reports that are prepared and issued to all shareholders within the mandatory period;
- SGXNET and the media;
- The Company's website at <http://www.okph.com>; and
- Online Q&A forum via the investor relations channel on the financial portal at <http://www.shareinvestor.com>.

The Company's IR team communicates with the shareholders and analysts on a regular basis and attends to their queries or concerns. The Company provides an email address for shareholders or analysts at [okpir@okph.com](mailto:okpir@okph.com) and contact details of the IR team via the Company's website. During the financial year ended 31 December 2020, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Company holds post-results briefings with analysts after the announcement of the full year financial results. The key management team which includes the Group MD, an Executive Director and the Group Financial Controller avail themselves to meet analysts after the release of the Group's full year results. Outside of the financial results announcement periods, where necessary and appropriate, the Management would also meet analysts and fund managers who seek a better understanding of the Group's operations. In addition, the Management also conducts media interviews to give shareholders and the public deeper insights of the Group's business and management thinking when opportunities present themselves.

## 5. MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

*Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

#### **Our Policy and Practices:**

The Company regularly engage our stakeholders through various media and channels to ensure that our business interests are aligned with those of our stakeholders. Our stakeholders have been identified as those who are impacted by our business and operations and those who are similarly able to impact our business and operations. We have identified six stakeholders groups through an assessment of their significance to our operations. They are namely, customers, employees, suppliers, shareholders, community and government regulators.

*Provision 13.1: Company has identified and engage with its material stakeholders*

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus and how they are impacted by Covid-19, please refer to the Sustainability Report on pages 62 to 75 of this Annual Report.

*Provision 13.2: The Company discloses its strategy and key areas of focus in relation to the management of stakeholder relationships*

The Company maintains a website at <http://www.okph.com> to communicate and engage with stakeholders.

*Provision 13.3: The Company maintains a corporate website*



# CORPORATE GOVERNANCE REPORT (CONT'D)

## 6. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The Code has been modelled according to Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and all key executives are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly results or one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. After the cessation of quarterly reporting by the Company, Directors and key executives are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year or full year results, and ending on the date of the announcement of the results. Directors and all key executives are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

## 7. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of financial year ended 31 December 2020 or if not then subsisting, entered into since the end of the financial year ended 31 December 2019.

## 8. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has procedures established for the review and approval of the Group's interested person transactions.

The AC reviews any interested person transaction entered into by the Group. If the Group intends to enter into an interested person transaction, the Board will ensure that the Group complies with the requisite rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions.

There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above \$100,000 entered into by the Group during the financial year ended 31 December 2020.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## 9. UTILISATION OF PROCEEDS

Exercise of 61,139,184 warrants at \$0.20 for each share as at 4 January 2013 raising net proceeds of \$12.2 million

<b>Use of proceeds</b>	<b>Amount allocated (\$'million)</b>	<b>Amount utilised (\$'million)</b>	<b>Balance amount (\$'million)</b>
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, a former associated company of the Group.

The unutilised proceeds are deposited with a bank pending deployment. The above utilisation of net proceeds is consistent with the disclosure made in the SGXNET announcement.

# AUDIT COMMITTEE REPORT

## RESPONSIBILITIES OF THE AUDIT COMMITTEE (AC)

The AC oversees the Company's financial reporting process. The Company's Management has the primary responsibility for the financial statements, for maintaining effective internal controls over financial reporting, and for assessing the effectiveness of internal controls over financial reporting. The key terms of reference of the AC are set out on page 113 of this Annual Report.

## MEMBERS AND GOVERNANCE OF THE AUDIT COMMITTEE

The AC was formed on 10 July 2002 and comprises entirely independent directors, namely, Dr Chen Seow Phun, John (AC Chairman), Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng. There have been no changes in the members of the AC since the financial year ended 31 December 2020.

The AC has the appropriate relevant financial experience to discharge their responsibilities. Details of the members' qualifications and experience are available on page 32 of this Annual Report.

## MEETINGS OF THE AUDIT COMMITTEE

The AC met two times during the financial year ended 31 December 2020 and once in February 2021 without the presence of the Management. During each of these meetings, the AC reviewed the half-yearly financial statements prepared by the Management, including the notes to the financial statements. The attendance record of the AC during the financial year ended 31 December 2020 is set out on page 99 of this Annual Report.

## SIGNIFICANT RISKS AND JUDGEMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2020, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters identified by the external auditors were reviewed by the AC and discussed with the Management and the external auditors:

Key audit matters	How the AC reviewed these matters and what decisions were made
Recognition of construction revenue and costs and recoverability of contract assets	<p>The AC considered the approach and assessed the reasonableness of the Management's assumptions, judgements and estimates in determining the total costs to complete the contract and determining whether the contract assets is credit-impaired and hence, allowance for expected credit losses is required.</p> <p>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2020. For more details, please refer to page 137 of this Annual Report.</p> <p>The AC was satisfied that the appropriate accounting treatment had been adopted and consistently applied in the financial statements to ensure that revenue was recorded appropriately. The AC concurred with the Management's opinion that no provision for onerous contracts and expected credit losses are required to be provided for in the financial statements.</p>

# AUDIT COMMITTEE REPORT (CONT'D)

Key audit matters	How the AC reviewed these matters and what decisions were made
Valuation of investment properties	<p>The AC considered the approach and assessed the reasonableness of the external valuers who have been engaged by the Management to determine the fair value of the Group's investment properties as at 31 December 2020.</p> <p>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2020. For more details, please refer to page 139 of this Annual Report.</p> <p>The AC was satisfied that the valuers' valuation methodologies used in the valuation are appropriate and key assumptions are within a reasonable range and industry norms.</p>
Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East	<p>The AC considered the appropriateness of the Management's judgement in determining the potential costs arising from the accident.</p> <p>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2020. For more details, please refer to page 140 of this Annual Report.</p> <p>The AC has assessed and concurred with the Management's assessment that the additional costs recorded for the financial year ended 31 December 2020 were reasonable.</p>

## INTERNAL CONTROLS

The Group has put in place key risk management framework and internal control systems including financial, operational, compliance and information technology controls. The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd (HLS). The AC receives the internal audit report from HLS, assesses the adequacy and effectiveness of the Group's key risk management and evaluates the internal audit processes and systems that are in place. The AC meets with HLS annually without the presence of the Management.

## EXTERNAL AUDIT

The AC has evaluated the quality of work performed by the external auditors, Nexia TS Public Accounting Corporation, based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria. The AC is satisfied with the standards of the external auditors' work. The AC meets with the external auditors annually without the presence of the Management.

The AC also performs a review of the non-audit services provided by the external auditors to ensure that they would not affect the independence of the external auditors.

The AC has recommended to the Board that the re-appointment of Nexia TS Public Accounting Corporation be proposed at the forthcoming Annual General Meeting in April 2021.

**Dr Chen Seow Phun, John**  
Chairman of the Audit Committee

19 March 2021

# RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in the operations of all business enterprises, and therefore, managing risks is a key aspect of business management. We actively monitor and manage our exposure to risks relating to our industry. We are committed to consolidating our risk management framework to provide reasonable assurance that risks are mitigated. We do this by proactively protecting the integrity of our financial reporting, integrating management control into our daily operations, and ensuring compliance with legal requirements.

Like many business enterprises, the Group faces various risks arising from economic, market, business, financial and political factors, and developments. We believe in managing our risks holistically. As such, our management has established various risk management policies and procedures to manage and mitigate the risks arising from the normal course of daily operations. We review our risk management and mitigation plans on a regular basis to ensure that the company responds expeditiously and efficiently to any change in market conditions and activities.

We have identified the following 26 key risks that we face and explain below how we address them:

No	Description of Risks	Our Risk Management
<b>Strategic Risks</b>		
<b>1.</b>	<b>Dependence on the construction industry in Singapore</b>	
	<p>We are exposed to cyclical fluctuations in the economy as the construction business depends mainly on the health of the infrastructure market in Singapore.</p> <p>This is, in turn, subject to the general health of the Singapore economy. An economic downturn could dampen general sentiments in the infrastructure market and decrease construction demand. This would invariably have an adverse effect on our business and financial performance.</p>	<p>The Singapore market has remained our primary source of revenue since our inception. The prevailing general economic, political, legal and social conditions would affect our financial performance and operations. As a major part of our revenue is derived from public sector projects, we would likely benefit from any pump priming by the Government.</p> <p>However, the reverse is also true and any move by the Government to scale back on expenditure relating to road construction and maintenance could have a negative effect on our business. We aim to diversify our earnings to mitigate against our dependence on Government spending in Singapore.</p>
<b>2.</b>	<b>Increased competition could adversely affect our competitive position</b>	
	<p>Our business is project-based, and contracts are generally awarded through a tender process. Most of our projects are undertaken on a non-recurring basis. It is crucial that we are able to continuously secure new projects of similar or higher value and volume. The nature of our business is such that the number and value of projects that we succeed in securing fluctuate from year to year. There is no assurance that we will continue to win new projects that are profitable.</p> <p>Should we fail to do so, our financial performance will be adversely affected. As we also face increasing competition in the tender process, we may be placed in a position where we need to lower our tender prices to secure projects, and this could affect our profit margins.</p> <p>A majority of our projects are secured through open tenders. There is an increase in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, thereby intensifying competition. If our competitors are more aggressive in pricing or respond quicker to changes in market conditions than us, we may lose tender bids or lower our profit margin to help us stay competitive. Thus, our financial performance and condition may be adversely affected in the face of greater competition.</p>	<p>Price is often cited as a vital factor affecting the award of a contract although experience, reputation, availability, equipment and safety record are just as important. We believe that our strong expertise and vast experience in road construction and maintenance will place us in a good position to bid competitively for both government and private sector projects.</p> <p>We have a long operating history and a solid track record; and over the decades, we have shown that we are able to deliver high quality, value-added services on time and within budget.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Strategic Risks</b>		
<b>3.</b>	<b>Dependence on the performance of the property sector</b>	
	<p>In Singapore, the property development industry is extremely competitive, with various small to medium-sized property developers and a few large established players. These developers may have stronger brand names and reputations, larger land banks, more prime land sites and more resources which assist them to tender at higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects.</p> <p>There is no assurance that OKP's business and operations in property development will be sustainable in the long term.</p> <p>We are also subject to various regulatory requirements and government policies in Singapore. To promote and maintain a stable property market, the Government monitors the property market and may introduce new policies, or amend or remove existing policies at any time. If the Government regulates the property market with stringent measures, our operations and financial performance may be adversely affected. There is also no certainty that there will be demand for our projects despite our projections and expectations. This may affect our business objectives and sales target, thus impacting our profitability.</p>	<p>Civil engineering and construction remain our core business. Although we plan to grow the property development and investment business, it is not our key business.</p>
<b>4.</b>	<b>Dependence on private sector clients and property developments for a portion of our revenue</b>	
	<p>Over the decades, we have tapped on the private sector increasingly for projects to reduce our reliance on the public sector. We have also moved into property developments and investments.</p> <p>Risks involved in property development include additional costs for the additional buyer's stamp duty, and financial penalties for not fulfilling qualifying certificate requirements whereby developers must complete construction within five years.</p>	<p>Our response to the dependence on private sector clients is to adopt a selective approach for potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.</p> <p>In the case of property developments, we need to be prudent in managing our costs and marketing efforts.</p>
<b>5.</b>	<b>General risk associated with doing business outside Singapore</b>	
	<p>We have in 2018 acquired our first overseas property, a freehold office complex in Perth, Australia. We are also exploring other opportunities to extend our reach overseas. There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and consequently, our business, results of operations and financial condition.</p>	<p>We recognise that there are risks inherent in business environments outside of Singapore. However, we have had operations outside of Singapore for many years and we attempt to mitigate such risks as much as practically possible. Our senior management also monitors the regulatory environment of overseas operations closely and with the support of our legal advisor, we review all our agreements closely to ensure OKP is well-protected against risks such as defaults by clients, partners or subcontractors.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Operational Risks</b>		
<b>6. Reliance on key personnel to develop and grow our business</b>		
	<p>Our continued success is dependent to a large extent on our ability to retain the services of our key staff and establish succession plans for young leaders to eventually take over the helm.</p> <p>The Group's management and leadership team is strong. Our experienced and committed management team comprises our Group Chairman, Mr Or Kim Peow; Group Managing Director, Mr Or Toh Wat; and four Executive Directors, Mdm Ang Beng Tin, Mr Or Kiam Meng, Mr Oh Enc Nam and Mr Or Lay Huat Daniel.</p> <p>Mr Or Kim Peow, who is the founder of OKP, has more than 61 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of our Group, including determining its strategies and ensuring effective succession planning for all key positions within our Group.</p> <p>Group Managing Director, Mr Or Toh Wat, who has more than 29 years' experience in the construction industry, is responsible for effectively managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board. Mr Or Kiam Meng has more than 35 years' experience and Mr Oh Enc Nam has more than 41 years' experience in the construction industry. Mdm Ang Beng Tin has more than 46 years of experience in administration and human resources.</p> <p>Our Group's expansion and success now and in the future will be dependent on our ability to retain the services of our executive team members and key management staff. If we lose any of their services without timely and suitable replacements; or if we are unable to attract and retain new key staff with relevant qualifications and experience; our business, financial condition, operational results and prospects will be adversely affected.</p> <p>Furthermore, we may lose our business to any of our competitors, who have attracted and recruited key members of our team, who join them after leaving our company. If we need to increase staff compensation to attract and retain our existing key staff or hire any additional employees, there would be an adverse impact on our financial performance.</p>	<p>We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 43 years old, has gained much experience and knowledge since joining us in 2003. He is currently responsible for business development and corporate communications.</p> <p>The management is preparing a list of potential successors and assessing them against a checklist of leadership attributes. Plans are being put in place to develop these candidates through training and development.</p> <p>In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.</p>
<b>7. Dependence on foreign workers and exposure to labour shortages or changes in labour policies</b>		
	<p>The construction industry is highly labour-intensive and relies on a large number of skilled foreign workers. Supply and demand for such foreign labour are dependent greatly on government policies and the general economic health of the host countries.</p> <p>In Singapore, the supply of foreign workers is subject to the policies of the Ministry of Manpower, as well as the policies of the countries in which these workers are domiciled. Changes in labour policies in these countries of origin may affect the supply of foreign labour and increase hiring costs, causing unnecessary disruptions to our operations, and resulting in unwanted delays in the completion of projects. Increases in foreign workers' levies would also affect us and may increase our costs.</p>	<p>Although we do face constraints in recruiting foreign labour currently, we make every effort to retain those who are currently with us, for example, by developing their skills through periodic training and upgrading. Through this method, we can also enhance our productivity.</p>
<b>8. Dependence on professional and skilled staff</b>		
	<p>The construction industry is dependent on skilled and experienced engineers and project staff to ensure the effective running of projects onsite. If we fail to retain or face difficulties in hiring people with these competencies, our revenue and profitability may be adversely affected. This problem may be more crucial during times when the labour market is tight.</p>	<p>We continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled employees and attract new recruits.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Operational Risks</b>		
<b>9.</b>	<b>Excessive warranty claims</b>	
	It is a general practice in the construction industry to provide limited warranty for construction projects, which covers defects and any premature wear-and-tear of the materials used. Rectification and repair works covered under such warranties would not be chargeable to customers. If there are disproportionate warranty claims for rectification and repair works, our financial performance would be adversely affected.	With our strong emphasis on quality and workmanship, we have not experienced significant warranty claims for the past five financial years.
<b>10.</b>	<b>Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays</b>	
	<p>From time to time, due to unforeseen circumstances and events beyond our control, delays in the completion of a project may occur. The causes for delays include unfavourable weather situation, shortage of construction materials, labour disputes, breakdown of equipment and machinery, and insufficient deployment of resources. In addition, government directives for the temporary stoppage of work may also cause project delays.</p> <p>If the completion of our projects is delayed, particularly where the delay is due to our failure, we may be liable to pay liquidated damages under the contract, and face further claims from our customers for damages, thus incurring additional costs. If this happens, there will be an adverse impact on our business operations, financial condition and financial performance. There can be no assurance that there will not be any delays in our existing and future projects, thus resulting in the payment of liquidated damages that may materially affect our financial performance and financial condition.</p>	We have put in place a capable team of project managers to monitor the projects closely to ensure the smooth progress of the projects and ensure that they are completed on time and within budget.
<b>11.</b>	<b>Subcontracting risks</b>	
	<p>We rely on subcontractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These subcontractors are selected based on their competitiveness in terms of pricing, our working experience with them and their past performance. We cannot assume that the services rendered by these subcontractors will continue to be satisfactory or that they will always meet our requirements for quality.</p> <p>In the event of any loss or damage arising from the default of our subcontractors, we as the main contractor will be liable for our subcontractors' default. Furthermore, these subcontractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and operating results.</p>	We identify good and reliable subcontractors and minimise risks through checks and referrals. We also make it a point to use reliable subcontractors, especially those with whom we have worked effectively in earlier projects.
<b>12.</b>	<b>Liability for any design defects or failure in the civil engineering works</b>	
	<p>Generally, we will engage the services of external consultants such as architects and engineers for design-and-build projects. If there are any design defects in the architectural or engineering design of our civil engineering projects due to these external consultants' negligence and through no fault on the Group's part, even though we had exercised reasonable degree of skill and care as the main contractor, we may still be liable to the customer under the contract for such failures.</p> <p>As at 31 December 2020, we have not been made liable for any liabilities arising from any defect in the projects' design, although there is no assurance that such liability will not arise in the future. If customers were successful in obtaining a court judgment or an arbitration award against us for claims on the grounds of design defects, such claims may adversely impact our financial performance and financial condition.</p>	We make it a priority to work with reputable and reliable architects and engineers, especially those whom we have worked with for a long time or have been referred to us.



# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Operational Risks</b>		
<b>13.</b>	<b>Accidents at our construction sites</b>	
	<p>Even though we emphasise and have established safety measures, accidents may occur at our projects' construction sites due to the nature of our business. Such mishaps may severely disrupt our operations at the construction sites, and thus lead to a delay in the completion of a project, resulting in liquidated damages under the contract with our customers.</p> <p>Such accidents may also subject us to claims from workers or other persons involved in such mishaps for injuries suffered by them. If there are any significant claims which are not covered by our insurance policies, our business operations and financial performance will be adversely affected.</p>	<p>We have a team of experienced safety personnel onsite, who monitors closely the construction sites to ensure that workers comply with all safety standards.</p>
<b>14.</b>	<b>Delays in finalisation of the value of additional works under variation orders and certification of completed works by our customers.</b>	
	<p>In the course of our projects, we may be instructed and may perform additional works under variation orders before finalisation of the charges for such additional works. As a result, we may have to pay upfront to our suppliers and subcontractors to carry out these additional works even though our customers may not have paid us. There may be delays in the finalisation of the value of the additional works and certification of the completed works by our customers. This may adversely affect our operating cash flow.</p>	<p>We have a team of site staff to monitor the progress of additional works under variation orders as required by our customers. This ensures that works under variation orders are documented to avoid disputes.</p>
<b>15.</b>	<b>Successful bidding</b>	
	<p>Our financial performance is dependent on our successful bidding for new projects and the non-cancellation of secured projects.</p> <p>As most of our projects are undertaken on a non-recurring basis, we need to continuously and consistently secure new projects of similar or higher value and volume. There is no assurance that we will be able to do so. If we are not able to win such new projects on favourable terms and conditions, our financial performance will be adversely affected. In addition, the scope of work in a project will affect our profit margin and our financial performance. If we are to subcontract a material portion of the project work to a third-party subcontractor, our profit margin from such project may be reduced.</p> <p>Cancellations or delays in commencing secured projects due to changes in our customers' businesses, poor market conditions and lack of funds by the project owners may adversely affect us. There may also be a lapse of time between a project's completion and the commencement of a subsequent project. Such disruptions could lead to idle or excess capacity. If we are unable to secure replacement projects on a timely basis, the idle or excess capacity may adversely affect our business and financial conditions.</p>	<p>We have a team of experienced project directors, project managers and quantity surveyors, who are committed to analysing and reviewing tender documents. We also have suppliers and subcontractors who provide us with competitive prices for their quality products and services.</p>
<b>16.</b>	<b>Risk associated with joint ventures</b>	
	<p>We are subject to risks associated with joint ventures.</p> <p>We expect that we may, as a matter of business strategy, from time to time, undertake construction projects through forming joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements (if any). There is no assurance that we will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on our business operations, financial performance and financial condition.</p>	<p>We have our legal advisor to review all our agreements and ensure that we are well-protected against risks such as defaults by joint venture partners.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Operational Risks</b>		
<b>17.</b>	<b>Cyber security and personal data protection risks</b>	
	<p>The Group is vulnerable to a wide range of risks, which are linked to its IT system, including interruptions to its network and loss of confidential data.</p> <p>With rising global incidences of cyber-attacks on many companies' servers and websites, it is mandatory to reinforce and strengthen the security of OKP's IT systems and prevent any hacking, violation or loss of personal data of employees.</p> <p>Our operations may be interrupted by cyber-attacks and any cyber theft of confidential and sensitive data could lead to litigation, financial losses, and reputation damage.</p>	<p>We have assessed our cybersecurity vulnerabilities and data protection impact to minimise risks.</p> <p>We also ensure that we have adequate security measures in place and have fortified the required IT controls and governance practices internally. These procedures include reinforcement of network security such as applying security patches to the system and encrypting workstations, and safeguards against loss of information. Measures are put in place to enable our business operations to quickly recover from any IT crisis or loss of data.</p> <p>We also provide regular training to heighten awareness of IT threats and data loss to our employees. We have emphasised to our staff to minimise the personal data being collected and not keep data longer than required.</p>
<b>Financial Risks</b>		
<b>18.</b>	<b>Price fluctuations and availability of construction materials</b>	
	<p>We are exposed to fluctuations in the prices of construction materials, which include granite, cement, ready-mix concrete, asphalt and reinforced steel bars. Fluctuations in the prices of these construction materials are a function of demand and supply, in Singapore and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements.</p> <p>Should there be a significant increase in the prices of construction materials or should we fail to secure the requisite supply of construction materials at reasonable price levels, our Group's business and profitability will be affected.</p>	<p>We are continually mindful of this risk and are constantly looking for the most competitive pricing from our suppliers for the raw materials we require. Where possible, we would lock in the prices of the raw materials for each project. Otherwise, we would include a fluctuation clause in the contract, granting us the right to adjust raw material prices should a price increase occur during the project. These measures help to limit our exposure in the event of price fluctuations.</p>
<b>19.</b>	<b>Liability claims and disputes</b>	
	<p>We are exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should we fail to complete any project, which we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, compensation may have to be paid to our customers.</p> <p>It is a general practice that we provide customers with retention sums or performance bonds of up to 5 per cent of the contract value. If projects are delayed, or if any claims for defects are made, whether or not they are due to our fault or that of our suppliers or subcontractors, these retention sums or performance bonds could be forfeited.</p>	<p>With this in mind, we make every effort to ensure that all projects are competently managed to the highest standards. One of our approaches is to provide employees with regular and relevant training.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Financial Risks</b>		
<b>20.</b>	<b>Exposure to cost overruns</b>	
	<p>Controlling costs is a major aspect of our business as cost overruns could erode our profit margin for a project. Should this occur, our overall profitability could be affected.</p> <p>The following scenarios are some examples of how a cost overrun could occur:</p> <ul style="list-style-type: none"> <li>(i) When incorrect estimations of costs are made during the tender stage;</li> <li>(ii) When unforeseen circumstances such as adverse ground conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite, arise during the construction period; and/or</li> <li>(iii) When delays are experienced in the execution of projects.</li> </ul>	<p>Cost control measures are carried out at various stages of project execution to ensure that the projects are kept well within budget. Careful monitoring and quality assurance checks are also performed vigilantly to ensure that project management risks are alleviated as far as possible. We believe that our people have the right project management expertise to manage the costs related to each project effectively.</p>
<b>21.</b>	<b>Financial risks</b>	
	<p>Our Group's activities expose us to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to currency risk, we are exposed to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, OKP is subject to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counter party may default on its contractual obligations, resulting in financial loss to the Group.</p> <p>Regarding liquidity risk, OKP is exposed to the risk of not having sufficient cash or cash equivalents, or not having sufficient amount of committed credit facilities.</p>	<p>More details on how we manage these risks are found on pages 200-208 of the Annual Report (under the Notes to the Financial Statements). To mitigate liquidity risk, we maintain sufficient cash and cash equivalents and ensure that we have an adequate amount of committed credit facilities to enable us to meet our normal operating commitments.</p>
<b>22.</b>	<b>Insurance coverage may not be adequate</b>	
	<p>Due to fire, theft and natural disasters such as floods, we may face the risk of loss or damage to our properties, machinery and building materials. Such events may also cause a cessation in our operations at the construction sites.</p> <p>We have put in place various insurance policies including workmen compensation insurance, insurance relating to group hospitalisation and surgical insurance, insurance relating to all risks affecting machinery and equipment, fire insurance, motor vehicle insurance, and contractor's all-risks insurance. If such loss or damage exceeds the insurance coverage or is not covered by the insurance policies which we have taken up, we may still be liable to cover the shortfall in the amounts being claimed. Such a situation may adversely impact our financial performance.</p>	<p>We review our insurance policies and coverage on a regular basis to ensure that all reasonably foreseeable losses or damages are covered.</p>
<b>23.</b>	<b>Performance bond guarantee</b>	
	<p>Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities.</p> <p>In line with industry practice, certain projects in which we act as the main contractor require a performance bond from a bank to guarantee our contractual performance in the project. Generally, the performance bond covers up to approximately 5.0 per cent of the project's contract value.</p> <p>If we default in our contractual obligations, the project owner would be entitled to call on the performance bond and our liquidity and financial position may be adversely affected as a result.</p> <p>For the review period, we have not encountered any problems securing performance bonds for our projects. We have also provided corporate guarantees to secure performance bonds from banks for our ongoing projects. There is no assurance that we can continue to secure performance bonds for our new projects in the future or secure them at favourable terms. If we are unable to secure performance guarantees from our banks, we may be unable to secure new projects, and this would have a material adverse effect on our revenue and profitability.</p>	<p>We aim to build good rapport with and win support from our banks so that they will provide sufficient bankers' guarantees to support newly awarded projects.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Compliance Risks</b>		
<b>24.</b>	<b>Impact from changes to applicable government policies</b>	
	<p>Our services relate mainly to building safety and design standards in connection with the construction of infrastructure projects such as roads and expressways. Any change to the laws, regulations and policies affecting the construction industry, including the infrastructure market in Singapore, may affect our business and operations.</p> <p>As we operate in Singapore, we are subject to the laws and regulations of the land including environmental regulations. Any change in government regulations during a project, for example, increasing controls over worksite safety and building standards could result in the Group incurring additional costs to comply with the new regulations.</p> <p>In addition, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the operations of OKP.</p> <p>The Group's operations are subject to various environmental laws in Singapore, which relate primarily to the storage, discharge, handling, emission, general use and disposal of solid and hazardous waste and other toxic materials used during construction.</p> <p>In the case of violation of environmental regulatory requirements, OKP may incur fines, and face stop-work orders at our affected worksites. These actions may adversely impact the Group's business. All these actions could have an adverse effect on our project costs, financial performance and business.</p>	<p>To mitigate these risks, we would send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities or clients.</p> <p>We will maintain and comply with the various permits, authorisations and approvals required by various government agencies to ensure we run our operations efficiently.</p>
<b>25.</b>	<b>Guidelines and regulations by the Building and Construction Authority (BCA)</b>	
	<p>We are guided and regulated by the BCA that also functions as an administrative body for tenders relating to public sector construction projects. The BCA grading is laid out in the BCA Contractors Registry System (CRS). There are seven major registration heads, namely, Construction Workheads (CW), Construction Related (CR) Workheads, Mechanical &amp; Electrical (ME) Workheads, Maintenance Workheads (MW), Trade Heads (TR), Supply Workheads (SY), and Regulatory Workheads (RW).</p> <p>Within each workhead, there are different financial grades which determine a contractor's eligibility to tender for projects of stipulated values. This is based on the BCA's assessment of the financial health of companies through its credit rating system. The different grades serve as a supplementary indicator of the financial standing of construction firms with those of larger firms accorded the top categories of A1, A2 and B1.</p> <p>Both our wholly-owned subsidiaries, Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co. (Pte) Ltd, are A1 grade civil engineering contractors, making them eligible for tenders of unlimited values.</p> <p>If we are unable to maintain our BCA grading status, OKP would not be able to tender for public projects of the stipulated contract values on the CRS. This could have an adverse impact on our financial performance.</p>	<p>We have been able to maintain our BCA grading since achieving the A1 grades. We continually review our financials and take the necessary measures to strengthen our financial management where necessary.</p>

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
<b>Compliance Risks</b>		
<b>26.</b>	<b>Safety and environmental hazards</b>	
	<p>Safety is paramount for all our projects, and this is especially critical in worksites due to the nature of the operating environment. Our safety and environmental controls and guidelines adhere strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety and environmental policies are based mainly on identifying and applying safe and environmental-friendly practices at all worksites, for our own as well as subcontractors' employees. We conduct regular health, safety and environmental awareness workshops to inculcate a safety and green culture for people at all levels, including new recruits, particularly in the first six months of employment.</p> <p>Workers are also at risk with disease outbreaks such as Covid-19. If some workers are infected, and must be quarantined for 14 days, worksite operations will be affected.</p> <p>We may be liable for fines, penalties and civil claims if we breach workplace safety, environmental standards, regulatory requirements or common law duty, and as a result, our operations and financial performance may be adversely affected.</p>	<p>We have a pool of committed safety and environmental control officers, site engineers and site supervisors, who have the responsibility to ensure that all workers and worksites are well equipped with suitable safety management and green procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety employees are prepared at all times and if industrial accidents happen.</p> <p>Measures put in place for disease outbreaks include adhering to safe management measures, ensuring all workers undergo rostered routine testing every 14 days and implementing effective contact tracing at every project site. Temperature checks, quarantine, and a sickness surveillance process to identify and manage unwell employees are also instituted. Other measures included implementing temperature screening for visitors entering the project sites.</p> <p>We are committed to maintaining our high-quality standards, enhancing productivity, and improving workplace safety at all times.</p>

# FINANCIAL STATEMENTS

**133**

Directors' Statement

**137**

Independent Auditor's Report

**143**

Balance Sheets

**144**

Consolidated Statement of Comprehensive Income

**145**

Consolidated Statement of Changes in Equity

**146**

Consolidated Statement of Cash Flows

**148**

Notes to the Financial Statements

**215**

Letter to Shareholders

**227**

Statistics of Shareholdings

**229**

Notice of Annual General Meeting

Proxy Form

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 143 to 214 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Or Kim Peow  
Or Toh Wat  
Ang Beng Tin  
Or Kiam Meng  
Oh Enc Nam  
Or Lay Huat Daniel  
Chen Seow Phun, John  
Nirumalan s/o V Kanapathi Pillai  
Tan Boen Eng

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	As at 31.12.2020	As at 1.1.2020	As at 21.1.2021	As at 31.12.2020	As at 1.1.2020	As at 21.1.2021
<b>The Company</b>						
<u>No. of ordinary shares</u>						
Or Kim Peow	757,000	757,000	757,000	168,566,910	168,566,910	168,566,910
Or Toh Wat	322,000	322,000	322,000	–	–	–
Ang Beng Tin	323,500	323,500	323,500	–	–	–
Or Kiam Meng	322,000	322,000	322,000	–	–	–
Oh Enc Nam	133,000	133,000	133,000	–	–	–
Or Lay Huat Daniel	322,000	322,000	322,000	–	–	–
Chen Seow Phun, John	–	–	–	38,000	38,000	38,000



# DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	As at 31.12.2020	As at 1.1.2020	As at 21.1.2021	As at 31.12.2020	As at 1.1.2020	As at 21.1.2021

*Immediate and Ultimate Holding Corporation*  
– Or Kim Peow Investments Pte. Ltd.

### No. of ordinary shares

Or Kim Peow	97,091	97,091	97,091	–	–	–
Or Toh Wat	58,255	58,255	58,255	–	–	–
Ang Beng Tin	60,272	60,272	60,272	–	–	–
Or Kiam Meng	58,255	58,255	58,255	–	–	–
Oh Enc Nam	21,436	21,436	21,436	–	–	–
Or Lay Huat Daniel	58,255	58,255	58,255	–	–	–

Mr Or Kim Peow, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiary corporations.

## SHARE PERFORMANCE/OPTIONS

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the grant of incentive share awards ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of Shares which may be delivered pursuant to Awards granted, when added to the number of Shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling Shareholders and their Associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of Shares that are available to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the PSS and the number of Shares that are available to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no share awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company under option.





# DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Chen Seow Phun, John (Chairman)  
Nirumalan s/o V Kanapathi Pillai  
Tan Boen Eng

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee has written terms of reference that are approved by the Board of Directors (the "Board") and clearly set out its responsibilities. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The key terms of reference of the Audit Committee are as follows:

- To review audit plans of the Company's independent auditor and internal auditor, including the results of the independent auditor's and internal auditor's review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the independent auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the independent auditor;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the independent audit, and where the independent auditor provides non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the independent auditor;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release of the results announcement to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assurance from the Group Managing Director and the Group Financial Controller on the financial records and financial statements;
- To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

The Audit Committee met with the independent auditor two times during the financial year ended 31 December 2020 and once without the presence of the Management together with the internal auditor in February 2021. These meetings enable the independent auditor and internal auditor to raise issues encountered in the course of their work directly to the Audit Committee.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Listing Manual, reviewed the requirements for approval and disclosure of interested party transactions, reviewed the internal procedures set up by the Company to identify and report and, where necessary, seek approval for interested person transactions and reviewed interested person transactions.

# **DIRECTORS' STATEMENT (CONT'D)**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## **AUDIT COMMITTEE (CONT'D)**

The Audit Committee has undertaken a review of all non-audit services provided to the Company by the independent auditor and they would not, in the Audit Committee's opinion, affect the independence of the auditor.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation be nominated for re-appointment as the Company's independent auditor at the forthcoming Annual General Meeting.

## **INDEPENDENT AUDITOR**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

**Or Kim Peow**

Director

**Or Toh Wat**

Director

19 March 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the accompanying financial statements of OKP Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 143 to 214.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (1) **Recognition of construction revenue and costs and recoverability of contract assets**

[Refer to Notes 2.17(i) and 3(iv)]

For the financial year ended 31 December 2020, revenue recognised from construction and maintenance segments in accordance with SFRS (I) 15 - Revenue from Contracts with Customers, amounted to approximately \$46,065,000 and \$17,244,000 respectively. At contract inception, the Group assesses whether the contract relate to construction and maintenance work under the control of the customer and therefore the Group's construction and maintenance activities create or enhance an asset under the customer's control. For these contracts, revenue is recognised progressively over time with reference to the Group's progress towards completing the construction and maintenance contracts. The measurement of the progress is determined based on the percentage of the survey of work certified by the customers. In addition, contract revenues also include certain claims on contract modifications.

In the event when the Group has an onerous contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract, provision for onerous contract would be recognised as an expense immediately. This provision for onerous contract can include, amongst other things, cost overruns which require further negotiation and settlements resulting in the adjustments of costs.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## Key Audit Matters (cont'd)

### (1) Recognition of construction revenue and costs and recoverability of contract assets (cont'd)

[Refer to Notes 2.17(i) and 3(iv)]

Moreover, as at 31 December 2020, the contract assets of the Group relating to the construction and maintenance segments amounted to approximately \$14,239,000 which is approximately 7% of the Group's total assets.

We focused on this matter as significant management assumptions, judgements and estimates are required in determining the percentage of the survey of work performed and determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs. Also, significant judgements and estimates are required to determine the likelihood of the approvals of the contract modifications by the customers and the final approved amounts. Moreover, the determination of the expected credit losses requires significant judgement and estimates to determine whether the contract assets is credit-impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers.

#### *How our audit addressed this key audit matter*

In obtaining sufficient audit evidence, we:

- Reviewed and discussed with management the Group's revenue recognition policies, including those related to accounting for variable considerations and contract modifications;
- Reviewed new contracts obtained during the financial year and agreed on the amounts to customer contracts and contract modifications;
- Understood, evaluated and tested key controls over recognition of revenue and contract costs;
- In relation to contract costs, we
  - ensured that the contract costs are expensed when incurred except for costs that qualify as assets under other accounting standards, incremental costs to obtain the contracts and costs to fulfil a contract;
  - verified the material costs incurred to relevant suppliers' invoices and progress claims and reviewed the accrued cost; and
  - ensured appropriateness of capitalised contract costs and its subsequent measurement.
- Analysed the actual progress of the contract vis-à-vis the contractually agreed timeline set out in the customer contracts to identify any major delays and/or cost overruns which might result in onerous loss-making contracts;
- Reviewed and discussed with management on its assessment and provisioning policy on expected credit losses of contract assets; and
- Considered the appropriateness of the estimates and judgements used by management in the assessment of expected credit losses of contract assets.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## *Key Audit Matters (cont'd)*

### (2) **Valuation of investment properties** [Refer to Notes 2.6 and 11]

As at 31 December 2020, the carrying value of the Group's investment properties of approximately \$52,107,000 accounted for 26% of the Group's total assets.

For the investment property in Australia, the external independent professional valuers ("valuers") used capitalisation method while for the investment properties in Singapore, the valuers used direct comparison method to determine the fair values of the investment properties.

The investment properties which are located in Australia and Singapore, are measured at their fair values.

We focused on this matter as the determination of the fair values of the investment properties are highly dependent on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates, terminal capitalisation rates and market prices of comparable properties adjusted for differences in key attributes such as property size) used by the valuers. These assumptions and estimates were based on local market conditions existing as at the balance sheet date.

#### *How our audit addressed this key audit matter*

In obtaining sufficient audit evidence, we:

- Assessed the Group's processes for the selection of valuers, the determination of the scope of work, and the review and acceptance of the valuations reported by the valuers;
- Evaluated the qualifications and competence of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- Obtained and reviewed the valuation reports from the valuer, together with our internal valuation specialists, to evaluate the appropriateness of valuation methodologies and significant underlying assumptions used in the valuations, tested the integrity of information including underlying lease and financial information provided to the valuers and compared the discount rates and terminal capitalisation rates used against those used for similar properties; and
- Considered the adequacy of the disclosures in the financial statements.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## *Key Audit Matters (cont'd)*

(3) **Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East**  
[Refer to Notes 2.19 and 18]

As at 31 December 2020, the Group has an ongoing legal case arising from the collapse of a viaduct structure near Upper Changi Road East on 14 July 2017 (the "Incident") involving its subsidiary corporation, Or Kim Peow Contractors (Private) Limited. On 22 January 2021, the verdict has been released and the subsidiary corporation was found guilty on the criminal charges brought in respect of the Incident. However, the quantum that may be involved in respect to the verdict is, as of our report date, not finalised.

The verdict confirms that the subsidiary corporation has a present obligation as at 31 December 2020. Accordingly, the Group recognised a provision of \$1,400,000 during the financial year ended 31 December 2020.

We focused on this matter due to complexity involved in the legal case and the management's estimation and judgement in determining the quantum and the recognition of provisions from the adverse outcome of the legal case.

### *How our audit addressed this key audit matter*

In obtaining sufficient audit evidence, we:

- Discussed the status and legal position with management to evaluate management's assessment of the outcome of the case by reviewing correspondences and representation letter received from the lawyers to confirm our understanding of the legal case;
- Considered whether any new factors had arisen subsequent to the financial year end that could be regarded as an adjusting event that would impact the adequacy of the provisions recognised as at the end of the reporting date; and
- Considered the adequacy and appropriateness of the disclosures made in the financial statements.

## *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Look Ling.

**Nexia TS Public Accounting Corporation**  
*Public Accountants and Chartered Accountants*

Singapore

19 March 2021



# BALANCE SHEETS

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 \$	2019 \$	2020 \$	2019 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	79,097,258	64,637,671	4,078,114	2,951,276
Trade and other receivables	5	9,729,135	7,136,540	18,112,331	12,329,651
Contract assets	6(b)	14,238,867	15,666,389	–	–
		103,065,260	87,440,600	22,190,445	15,280,927
Assets classified as held for sale	7	–	9,772,490	–	–
		103,065,260	97,213,090	22,190,445	15,280,927
<b>Non-current assets</b>					
Investments in subsidiary corporations	8	–	–	19,218,773	19,218,773
Investments in joint ventures	9	35,690	274,019	–	–
Investments in associated companies	10	410,670	1,173,383	–	–
Investment properties	11	52,107,236	49,567,937	–	–
Other receivables	12	8,925,414	6,623,643	–	9,097,798
Property, plant and equipment	13	30,783,933	23,554,991	13,184,193	5,046,789
Intangible assets	15	1,751,026	1,781,263	16,238	20,880
		94,013,969	82,975,236	32,419,204	33,384,240
<b>Total assets</b>		197,079,229	180,188,326	54,609,649	48,665,167
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	16	20,180,048	18,956,408	3,111,926	2,709,842
Contract liabilities	6(b)	8,933,714	–	–	–
Borrowings	17	7,271,839	2,761,063	4,500,000	–
Provisions	18	1,400,000	–	–	–
Current income tax liabilities	29(b)	763,530	644,033	60,168	34,592
		38,549,131	22,361,504	7,672,094	2,744,434
<b>Non-current liabilities</b>					
Other payables	16	9,913,777	8,255,710	–	–
Borrowings	17	24,328,597	27,156,415	–	–
Deferred income tax liabilities	19	1,104,355	1,252,572	10,095	4,343
		35,346,729	36,664,697	10,095	4,343
<b>Total liabilities</b>		73,895,860	59,026,201	7,682,189	2,748,777
<b>NET ASSETS</b>		123,183,369	121,162,125	46,927,460	45,916,390
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	20	36,832,301	36,832,301	36,832,301	36,832,301
Treasury shares	20	(234,974)	–	(234,974)	–
Other reserves	21	3,243,331	2,987,070	–	–
Retained profits	22	82,303,100	81,163,498	10,330,133	9,084,089
		122,143,758	120,982,869	46,927,460	45,916,390
Non-controlling interests	8	1,039,611	179,256	–	–
<b>Total equity</b>		123,183,369	121,162,125	46,927,460	45,916,390

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 \$	2019 \$
Revenue	23	69,626,956	81,396,531
Cost of sales	24	(62,250,854)	(70,550,696)
Gross profit		7,376,102	10,845,835
Other gains, net			
– Interest income – bank deposits		544,307	1,029,436
– Reversal of impairment loss on financial assets	7	1,227,510	–
– Others	25	8,931,534	1,513,163
Expenses			
– Administrative		(12,117,320)	(10,022,374)
– Finance	28	(1,162,659)	(1,287,641)
Share of loss of associated companies and joint ventures	9,10	(366,691)	(1,038,890)
Profit before income tax		4,432,783	1,039,529
Income tax expense	29(a)	(477,501)	(358,639)
<b>Net profit</b>		<b>3,955,282</b>	<b>680,890</b>
<b>Other comprehensive income/(loss), net of tax:</b>			
Items that may be reclassified subsequently to profit or loss:			
– Currency translation differences arising from consolidation	21(b)(ii)	404,189	(32,187)
<b>Total comprehensive income</b>		<b>4,359,471</b>	<b>648,703</b>
<b>Profit attributable to:</b>			
Equity holders of the company		3,292,980	(378,556)
Non-controlling interests		662,302	1,059,446
		<b>3,955,282</b>	<b>680,890</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the company		3,499,116	(394,971)
Non-controlling interests		860,355	1,043,674
		<b>4,359,471</b>	<b>648,703</b>
<b>Earnings/(Loss) per share attributable to equity holders of the Company (cents per share)</b>			
– Basic	30	1.07	(0.12)
– Diluted	30	1.07	(0.12)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	← Attributable to equity holders of the Company →				Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Retained profits			
		\$	\$	\$	\$	\$	\$	
<b>2020</b>								
Beginning of financial year		36,832,301	–	2,987,070	81,163,498	120,982,869	179,256	121,162,125
Profit for the year		–	–	–	3,292,980	3,292,980	662,302	3,955,282
Other comprehensive income for the year		–	–	206,136	–	206,136	198,053	404,189
Total comprehensive income for the year		–	–	206,136	3,292,980	3,499,116	860,355	4,359,471
Purchase of treasury shares	20	–	(234,974)	–	–	(234,974)	–	(234,974)
Fair value adjustment on interest-free loan	21(b)(iii)	–	–	50,125	–	50,125	–	50,125
Dividends	31	–	–	–	(2,153,378)	(2,153,378)	–	(2,153,378)
End of financial year		36,832,301	(234,974)	3,243,331	82,303,100	122,143,758	1,039,611	123,183,369

	Note	← Attributable to equity holders of the Company →				Total	Non-controlling interests	Total equity
		Share capital	Other reserves	Retained profits				
		\$	\$	\$	\$	\$	\$	
<b>2019</b>								
Beginning of financial year		36,832,301	3,003,485	84,626,360	124,462,146		(864,418)	123,597,728
(Loss)/Profit for the year		–	–	(378,556)	(378,556)		1,059,446	680,890
Other comprehensive loss for the year		–	(16,415)	–	(16,415)		(15,772)	(32,187)
Total comprehensive (loss)/income for the year		–	(16,415)	(378,556)	(394,971)		1,043,674	648,703
Dividends	31	–	–	(3,084,306)	(3,084,306)		–	(3,084,306)
End of financial year		36,832,301	2,987,070	81,163,498	120,982,869		179,256	121,162,125

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Net profit		3,955,282	680,890
Adjustments for:			
– Income tax expense	29(a)	477,501	358,639
– Depreciation of property, plant and equipment	26	4,179,281	3,456,081
– Amortisation of intangible assets	26	30,237	31,114
– Net fair value loss/(gain) on investment properties	25	677,432	(589,624)
– Net gain on disposal of property, plant and equipment	25	(31,382)	(79,960)
– Property, plant and equipment written off	25	667	–
– Reversal of impairment loss on financial assets	7	(1,227,510)	–
– Currency exchange (gains)/losses		(418,253)	437,338
– Share of loss of associated companies and joint ventures	9,10	366,691	1,038,890
– Interest income – bank deposits		(544,307)	(1,029,436)
– Interest expense	28	1,162,659	1,287,641
<b>Operating cash flow before working capital changes</b>		<b>8,628,298</b>	<b>5,591,573</b>
Changes in working capital:			
– Trade and other receivables		(2,592,595)	(3,063,669)
– Contract assets		1,427,522	2,909,058
– Contract liabilities		8,933,714	–
– Trade and other payables		898,014	(5,733,930)
– Provisions		1,400,000	–
<b>Cash generated from/(used in) operations</b>		<b>18,694,953</b>	<b>(296,968)</b>
– Interest received		544,307	1,029,436
– Income tax paid	29(b)	(545,328)	(951,130)
<b>Net cash provided by/(used in) operating activities</b>		<b>18,693,932</b>	<b>(218,662)</b>
<b>Cash flows from investing activities</b>			
– Additions to property, plant and equipment		(9,767,762)	(2,298,213)
– Additions to intangible assets		–	(23,197)
– Capital reduction in joint ventures		115,080	–
– Proceeds from disposal of an associated company		11,000,000	–
– Proceeds from disposal of property, plant and equipment		132,925	211,870
– Advances to associated companies		(2,232,500)	(1,750,000)
– Dividends received from joint ventures	9	450,000	600,000
<b>Net cash used in investing activities</b>		<b>(302,257)</b>	<b>(3,259,540)</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
<b>Cash flows from financing activities</b>			
– Principal payment of lease liabilities		(3,027,506)	(1,289,026)
– Advance from a non-controlling interest		717,164	–
– Purchase of treasury shares		(234,974)	–
– Proceeds from borrowings		4,500,000	–
– Repayment of borrowings		(3,134,236)	(758,874)
– Interest paid		(837,033)	(976,095)
– Dividends paid to equity holders of the Company	31	(2,153,378)	(3,084,306)
– Bank deposits pledged		(52,704)	(42,394)
<b>Net cash used in financing activities</b>		<u>(4,222,667)</u>	<u>(6,150,695)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		14,169,008	(9,628,897)
<b>Cash and cash equivalents</b>			
Beginning of financial year		59,551,481	69,231,040
Effects of currency translation on cash and cash equivalents		237,875	(50,662)
<b>End of financial year</b>	4	<u>73,958,364</u>	<u>59,551,481</u>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors of OKP Holdings Limited on 19 March 2021.

### 1. GENERAL INFORMATION

OKP Holdings Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 30 Tagore Lane, Singapore 787484.

The principal activities of the Company are those relating to investment holding and the provision of management services to its subsidiary corporations. The principal activities of the subsidiary corporations are set out in Note 8 to the financial statements.

The Company's immediate and ultimate holding corporation is Or Kim Peow Investments Pte. Ltd., incorporated in Singapore.

#### Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation declared the outbreak a Public Health Emergency of International Concern. The outbreak was subsequently characterised as a pandemic on 11 March 2020.

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments. The Group's significant operations are in Singapore and Australia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2020, workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted the construction progress in 2020, resulting in a decrease in Group's revenue for 2020.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets and provisions for onerous contracts as at 31 December 2020. The significant estimates and judgement applied on impairment of goodwill and provisions for onerous contracts are disclosed in Note 3(i) and Note 3(iv) respectively.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### 2.2 *Interpretations and amendments to published standards effective in 2020*

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.3 *Group accounting*

#### (i) *Subsidiary corporations*

##### (a) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Group accounting (cont'd)

#### (i) Subsidiary corporations (cont'd)

#### (b) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the (i) consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

#### (c) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Group accounting (cont'd)

#### (ii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### (iii) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

#### (a) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

#### (b) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Group accounting (cont'd)

#### (iii) Associated companies and joint ventures (cont'd)

##### (c) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in joint ventures and associated companies in the separate financial statements of the Company.

### 2.4 Property, plant and equipment

#### (i) Measurement

##### (a) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (b) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs.

#### (ii) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Building	50 years
Leasehold property	15 years
Plant and machinery	10 years
Motor vehicles	5 – 10 years
Office equipment	5 – 10 years
Furniture and fittings	5 – 10 years
Signboard	5 – 10 years
Renovation	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Property, plant and equipment (cont'd)*

#### (iii) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (iv) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

### 2.5 *Intangible assets*

#### (i) *Goodwill*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

#### (ii) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 *Investment properties*

Investment properties include freehold and leasehold properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.7 *Investments in subsidiary corporations, joint ventures and associated companies*

Investments in subsidiary corporations, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.8 *Impairment of non-financial assets*

#### (i) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 Impairment of non-financial assets (cont'd)

(ii) **Intangible assets**  
**Property, plant and equipment**  
**Investments in subsidiary corporations, joint ventures and associated companies**

Intangible assets, property, plant and equipment and investments in subsidiary corporations, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.9 Financial assets

(i) **Classification and measurement**

The Group classifies its financial assets in the following measurement categories, where applicable:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial assets (cont'd)

#### (i) Classification and measurement (cont'd)

##### At subsequent measurement

#### (a) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Other gains/(losses)".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses)".

#### (b) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses)". Dividends from equity investments are recognised in profit or loss as "Dividend income".

#### (ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The management does not expect significant adjustments to the Group's financial statements.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Financial assets (cont'd)

#### (iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (i) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (ii) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

### 2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.13 *Borrowing costs*

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction. This includes those costs on borrowings acquired specifically for the construction, as well as those in relation to general borrowings used to finance the construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction that are financed by general borrowings.

### 2.14 *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.15 *Fair value estimation of financial assets and liabilities*

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.16 *Leases*

#### (i) *When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### (a) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Leases (cont'd)

#### (i) When the Group is the lessee (cont'd)

##### (b) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### (c) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

##### (d) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Leases (cont'd)

#### (ii) *When the Group is the lessor*

The Group leases investment properties under operating leases to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.17 Revenue recognition

#### (i) *Revenue from construction and maintenance contracts*

The road and building construction and maintenance for customers are through fixed-price contracts. Revenue is recognised when the control has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the asset construction over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The construction asset has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the asset. The measure of progress is determined based on surveys of work performed. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are expensed as incurred.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment term is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.17 Revenue recognition (cont'd)

#### (i) Revenue from construction and maintenance contracts (cont'd)

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

#### (ii) Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

#### (iii) Rental income

Rental income from investment properties (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### (iv) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

#### (v) Technical management consultancy income

Revenue from technical management consultancy services is recognised in the accounting period in which the services are rendered.

### 2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 *Income taxes (cont'd)*

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

### 2.19 *Provisions*

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as "Finance expense".

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

### 2.20 *Employee compensation*

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (i) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (ii) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### (iii) *Profit sharing and bonus plan*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Currency translation

#### (i) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

#### (ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (iii) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (b) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 *Contingent liabilities*

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. Contingent liabilities are possible but not probable obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

### 2.24 *Cash and cash equivalents*

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.25 *Share capital and treasury shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.26 *Dividends to Company's shareholders*

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

### 2.27 *Government grants*

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.28 *Non-current assets (or disposal groups) held for sale and discontinued operations*

Non-current assets (or disposal groups) are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and:

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (i) *Estimated impairment of goodwill*

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, CGU have been determined based on value-in-use calculations. Significant judgements are used to estimate the gross margin, growth rates and the pre-tax discount rates applied in computing the recoverable amounts of each of the CGUs. In making these estimates, management has relied on past performance, its expectations of economic outlook and industry outlook in Singapore. Specific estimates are disclosed in Note 15(a).

For goodwill attributable to construction segment and maintenance segment, the change in the estimated recoverable amount from any reasonably possible change in the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

### (ii) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2020 were \$30,783,933 (2019: \$23,554,991). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of the property, plant and equipment differ by 10% from management's estimate, the carrying amount of the property, plant and equipment will be approximately higher/lower by \$417,888 (2019: \$233,622).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

### (iii) Impairment of property, plant and equipment

For the financial year ended 31 December 2020, the carrying amounts of property, plant and equipment were \$30,783,933 (2019: \$23,554,991). Property, plant and equipment mainly consist of land and building, plant and machinery, motor vehicles and right-of-use assets. Management has assessed that there were no objective evidence or indication that the carrying amounts of the Group's property, plant and equipment may not be recoverable as at the balance sheet date, accordingly impairment assessment is not required.

### (iv) Construction contracts

The Group recognises revenue from construction contracts over time by reference to the Group's progress towards completion to the construction. The measurement of progress is determined based on surveys of work performed ("output method"). The recognition of construction revenue and costs requires significant management assumptions, judgements and estimates in determining the percentage of the survey of work performed and determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs. In addition, significant judgements and estimates are required to determine the likelihood of the approvals of the contract modifications by the customers and the final approved amounts.

Management has assessed and of the view that there is no provision for onerous contracts required as at balance sheet date.

Management has also assessed the recoverability of the Group's contract assets (Note 6(b)) and of the view that there is no allowance for expected credit loss required as at 31 December 2020.

## 4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash at bank and on hand	29,438,943	14,745,356	3,380,971	2,244,523
Short-term bank deposits	49,658,315	49,892,315	697,143	706,753
	<u>79,097,258</u>	<u>64,637,671</u>	<u>4,078,114</u>	<u>2,951,276</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020	2019
	\$	\$
Cash and cash equivalents (as above)	79,097,258	64,637,671
Less: Bank deposits pledged	(5,138,894)	(5,086,190)
Cash and cash equivalents per consolidated statement of cash flows	<u>73,958,364</u>	<u>59,551,481</u>

Short-term bank deposits of \$5,138,894 (2019: \$5,086,190) are pledged to banks for banking facilities of certain subsidiary corporations.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade receivables				
– Non-related parties	1,758,718	2,108,380	–	–
– Subsidiary corporations	–	–	6,732,500	6,507,600
– Joint ventures	716,616	–	–	–
	2,475,334	2,108,380	6,732,500	6,507,600
Retentions	266,499	266,499	–	–
Non-trade receivables				
– Subsidiary corporations	–	–	11,951,837	5,840,411
– Associated companies	8,560	8,560	–	–
– Joint ventures	35,500	512,105	–	–
– Non-related parties	691,717	1,200,292	3,799	–
	735,777	1,720,957	11,955,636	5,840,411
Less: Allowance for impairment of receivables	–	–	(687,863)	(687,863)
Non-trade receivables – net	735,777	1,720,957	11,267,773	5,152,548
Government grant receivable	1,454,470	–	14,000	–
Advances to suppliers	1,089,263	212,994	–	–
Deposits	2,418,940	1,621,002	14,820	641,170
Prepayments	1,288,852	1,206,708	83,238	28,333
	9,729,135	7,136,540	18,112,331	12,329,651

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

Deposits include an amount of \$1,468,415 (2019: \$634,600) representing a down payment made to purchase a freehold property at 35 Kreta Ayer Road, Singapore 089000 (2019: 32 Tagore Lane, Singapore 787485). Capital commitments at the balance sheet date are disclosed in Note 35(i).

Government grant receivable relates to Jobs Support Scheme payout (Note 25).

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	Over time
	\$
<b>2020</b>	
Construction and maintenance	
– Singapore (Note 23)	63,308,743
<b>2019</b>	
Construction and maintenance	
– Singapore (Note 23)	75,649,508

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

### (b) Contract assets and contract liabilities

	2020	Group 2019
	\$	\$
Contract assets		
– Construction and maintenance contracts	14,238,867	15,666,389
Contract liabilities		
– Construction and maintenance contracts	8,933,714	–

Contract assets balance decreased due to lower unbilled amounts expected to be collected from customers following the decrease in revenue.

Contract liabilities relate to advance payment for public sector construction contracts affected by the suspension of activities at workplaces due to COVID-19 for Built Environment firms of \$6,177,047 and mobilisation advance payment received from a customer of \$2,756,667.

	2020	Group 2019
	\$	\$
(i) Unsatisfied performance obligations		
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
– Construction	186,802,072	231,912,889
– Maintenance	67,225,672	51,278,880
	<u>254,027,744</u>	<u>283,191,769</u>

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 31 December 2020 and 2019 may be recognised as revenue during the next reporting period as follows:

	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$	\$
Partial and fully unsatisfied performance obligations as at:						
<b>31 December 2020</b>	–	122,411,056	92,341,058	30,895,601	8,380,029	254,027,744
31 December 2019	138,443,454	100,750,377	41,566,219	2,431,719	–	283,191,769

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. ASSETS CLASSIFIED AS HELD FOR SALE

On 20 November 2019, the Company's wholly-owned subsidiary corporation OKP Land Pte Ltd ("OKPL") entered into a settlement agreement with its associated company, CS Amber Development Pte Ltd ("CS Amber") and CS Land Pte Ltd ("CS Land"), pursuant to which CS Amber shall cancel the 111,111 ordinary shares of CS Amber, constituting approximately 10% of the total issued and paid-up share capital of CS Amber, held by OKPL on or before 6 weeks from the date of the agreement.

As at 31 December 2019, the investment in CS Amber and non-current other receivables from CS Amber that have been reclassified to assets classified as held for sale are as follows:

	Group As at 31 December 2019 \$
Investment in associated companies (Note 10)	933,416
Non-current other receivables (Note 12)	10,247,074
Less: Allowance for impairment (Note 12)	(1,408,000)
	8,839,074
	<u>9,772,490</u>

On 2 January 2020, the disposal of CS Amber had been completed and the Group received \$11,000,000 from CS Amber in full settlement of the above balance. Consequently, the Group recognised a reversal of previously recognised allowance for impairment of \$1,227,510 during the current financial year.

## 8. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2020 \$	2019 \$
<i>Equity investments at cost</i>		
Beginning and end of financial year	17,632,234	17,632,234
<i>Allowance for impairment</i>		
Beginning and end of financial year	(110,000)	(110,000)
<i>Loan to a subsidiary corporation <sup>(a)</sup></i>		
Beginning and end of financial year	1,696,539	1,696,539
	<u>19,218,773</u>	<u>19,218,773</u>

(a) In 2017, the loan to a subsidiary corporation was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount has been capitalised as additional capital contribution to the subsidiary corporation and is recorded as part of investments in subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of subsidiary corporations as at 31 December 2020 and 2019:

Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
<u>Held by the Company</u>				
# Or Kim Peow Contractors (Private) Limited	Business of road and building construction and maintenance	Singapore	100%	–
# Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	–
#* OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	–
#* OKP Investments (Singapore) Pte Ltd	Investment holding	Singapore	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%	–
#* United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	100%	–
# OKP Land Pte Ltd	Investment holding and property development	Singapore	100%	–
#* OKP Transport & Trading Pte Ltd	Provision of transport and logistics services	Singapore	100%	–
<u>Held by OKP Land Pte Ltd</u>				
# Raffles Prestige Capital Pte Ltd	Investment holding	Singapore	51%	49%
<u>Held by Raffles Prestige Capital Pte Ltd</u>				
@ Bennet WA Investment Pty Ltd	Property investment	Australia	51%	49%

# Audited by Nexia TS Public Accounting Corporation, an independent member firm of Nexia International

@ Audited by Nexia Perth Services Pty Ltd, an independent member firm of Nexia International

\* Dormant company

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

*Carrying value of non-controlling interests*

	2020 \$	Group 2019 \$
Raffles Prestige Capital Pte Ltd and its subsidiary corporation	1,039,611	179,256

There were no transactions with non-controlling interests for the financial years ended 31 December 2020 and 2019.

Set out below are the summarised financial information for the subsidiary corporations that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet as at 31 December

	2020 \$	2019 \$
<b>Current</b>		
Assets	5,289,310	3,849,874
Liabilities	(2,682,962)	(2,305,168)
Total current net assets	2,606,348	1,544,706
<b>Non-current</b>		
Assets	44,417,236	41,827,937
Liabilities	(41,422,073)	(39,629,253)
Total non-current net assets	2,995,163	2,198,684
Net assets	5,601,511	3,743,390

Summarised statement of comprehensive income for the financial years ended 31 December

	2020 \$	2019 \$
Profit before income tax	2,041,854	2,545,975
Income tax expenses	(690,217)	(383,840)
Profit from continuing operations	1,351,637	2,162,135
Other comprehensive income/(loss)	404,189	(32,187)
Total comprehensive income	1,755,826	2,129,948
Total comprehensive income allocated to non-controlling interests	860,355	1,043,674

Summarised cash flows for the financial years ended 31 December

	2020 \$	2019 \$
Net cash provided by operating activities	2,263,504	3,156,295
Net cash used in investing activities	(10,815)	(31,709)
Net cash used in financing activities	(2,473,580)	(1,591,700)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES

	Group	
	2020	2019
	\$	\$
<b>Interests in joint ventures</b>		
Beginning of financial year	274,019	1,252,398
Share of profit of joint ventures	326,751	96,621
Dividends received	(450,000)	(600,000)
Capital reduction in a joint venture <sup>(2), (3)</sup>	(115,080)	(475,000)
End of financial year	35,690	274,019

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	% of ownership interest	
			2020	2019
<u>Held by subsidiary corporations</u>				
<u>Incorporated joint ventures</u>				
CS-OKP Construction and Development Pte Ltd <sup>(a) (1)</sup>	Design, construction and execution of urban development (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd <sup>(b) (2)</sup>	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd <sup>(c) (3)</sup>	Property development	Singapore	10%	10%
<u>Unincorporated joint ventures</u>				
Chye Joo – Or Kim Peow JV <sup>(d) (4)</sup>	Business of general construction	Singapore	50%	50%
Eng Lam – United E & P JV <sup>(e) (5)</sup>	Business of general construction	Singapore	55%	55%

(a) Audited by Heng Lee Seng LLP

(b) Dormant and not audited in financial year ended 31 December 2020

(c) Audited by Ernst & Young LLP

(d) Registered on 4 May 2015 and not required to be audited under the laws of incorporation

(e) Registered on 9 April 2019 and not required to be audited under the laws of incorporation

(1) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 31 December 2020. 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 (2019: \$50,000) in CS-OKP.

CS-OKP has been struck off on 15 March 2021.

(2) On 8 December 2010, Or Kim Peow Contractors (Private) Limited ("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.

On 30 December 2019, FBPL undertook a capital reduction pursuant to which the share capital of FBPL was reduced from \$1,000,000 consisting of 1,000,000 ordinary shares to \$50,000 consisting of 50,000 ordinary shares, by way of cancellation of 950,000 issued and fully paid ordinary shares and returning a total sum of \$950,000 to its shareholders (\$475,000 for OKPC and \$475,000 for SBPL).

On 3 September 2020, an application has been made to strike off FBPL. The remaining assets after the settlement of liabilities amounting to \$30,180 were returned to its shareholders (\$15,090 for OKPL and \$15,090 for SBPL).

FBPL has been struck off on 5 January 2021.

(3) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of \$1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of \$100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.

On 20 November 2020, LH undertook a capital reduction pursuant to which the share capital of LH was reduced from \$1,000,000 consisting of 1,000,000 ordinary shares to \$100 consisting of 100 ordinary shares, by way of cancellation of 999,900 issued and fully paid ordinary shares and returning a total sum of \$999,900 to its shareholders.

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

(5) On 9 April 2019, a joint venture partnership, Eng Lam – United E & P JV was registered to execute two contracts awarded by a government agency.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

The Group has joint control over these joint ventures under the contractual agreements and 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 partnerships such that the Group and the parties to the arrangements have the rights to the net assets of the private limited companies and partnerships under the arrangements. Therefore, these arrangements are classified as joint ventures.

### Summarised financial information for joint ventures

Set out below are the summarised financial information of joint ventures based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures, if any.

### Summarised statement of comprehensive income for the financial years ended 31 December

	Lakehomes Pte Ltd \$	Chye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Other joint ventures \$	Total \$
<b>2020</b>					
Revenue	1,374,000	660,170	7,694,745	–	9,728,915
Interest income	–	30	110	2,776	2,916
Miscellaneous income	13,063	–	–	54,753	67,816
Expenses	(1,204,246)	(2,283)	(7,679,359)	(116,099)	(9,001,987)
Includes:					
– Cost of sales	(1,080,551)	–	(7,679,356)	–	(8,759,907)
<b>Profit/(loss) before income tax</b>	<b>182,817</b>	<b>657,917</b>	<b>15,496</b>	<b>(58,570)</b>	<b>797,660</b>
Income tax expense	–	–	–	(232)	(232)
<b>Total comprehensive income/(loss)</b>	<b>182,817</b>	<b>657,917</b>	<b>15,496</b>	<b>(58,802)</b>	<b>797,428</b>
<b>Dividends received from joint ventures</b>	<b>100,000</b>	<b>350,000</b>	<b>–</b>	<b>–</b>	<b>450,000</b>
<b>2019</b>					
Revenue	927,880	10,494,185	7,229,758	–	18,651,823
Interest income	109,484	–	–	–	109,484
Miscellaneous income	3,839	30	–	–	3,869
Expenses	(105,128)	(10,443,994)	(7,223,005)	(21,479)	(17,793,606)
Includes:					
– Cost of sales	–	(10,441,714)	(7,215,298)	–	(17,657,012)
<b>Profit/(loss) before income tax</b>	<b>936,075</b>	<b>50,221</b>	<b>6,753</b>	<b>(21,479)</b>	<b>971,570</b>
Income tax (expense)/credit	(159,133)	–	–	1,683	(157,450)
<b>Total comprehensive income/(loss)</b>	<b>776,942</b>	<b>50,221</b>	<b>6,753</b>	<b>(19,796)</b>	<b>814,120</b>
<b>Dividends received from joint ventures</b>	<b>300,000</b>	<b>300,000</b>	<b>–</b>	<b>–</b>	<b>600,000</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at 31 December

	Lakehomes Pte Ltd \$	Chye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Other joint ventures \$	Total \$
<b>2020</b>					
<b>Current assets</b>	<b>936,422</b>	<b>365,382</b>	<b>4,935,167</b>	<b>–</b>	<b>6,236,971</b>
Includes:					
– Cash and cash equivalents	936,422	13,694	54,834	–	1,004,950
– Trade and other receivables	–	351,688	718,173	–	1,069,861
– Contract assets	–	–	4,162,160	–	4,162,160
<b>Current liabilities</b>	<b>(771,700)</b>	<b>(351,421)</b>	<b>(4,912,918)</b>	<b>–</b>	<b>(6,036,039)</b>
Includes:					
– Trade and other payables	(771,700)	(351,421)	(3,915,637)	–	(5,038,758)
– Contract liabilities	–	–	(996,281)	–	(996,281)
<b>Net assets</b>	<b>164,722</b>	<b>13,961</b>	<b>22,249</b>	<b>–</b>	<b>200,932</b>
<b>2019</b>					
<b>Current assets</b>	<b>2,814,792</b>	<b>3,075,747</b>	<b>3,835,666</b>	<b>1,095,839</b>	<b>10,822,044</b>
Includes:					
– Cash and cash equivalents	2,271,709	201,797	39,489	995,839	3,508,834
– Trade and other receivables	543,083	42,646	–	100,000	685,729
– Contract assets	–	2,831,304	3,796,177	–	6,627,481
<b>Current liabilities</b>	<b>(832,987)</b>	<b>(3,019,703)</b>	<b>(3,828,913)</b>	<b>(1,007,635)</b>	<b>(8,689,238)</b>
Includes:					
– Trade and other payables	(528,534)	(3,017,543)	(3,828,913)	–	(7,374,990)
<b>Net assets</b>	<b>1,981,805</b>	<b>56,044</b>	<b>6,753</b>	<b>88,204</b>	<b>2,132,806</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. INVESTMENTS IN JOINT VENTURES (CONT'D)

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	Lakehomes Pte Ltd \$	Chye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Other joint ventures \$	Total \$
<b>2020</b>					
<b>Net assets</b>					
Beginning of financial year	1,981,805	56,044	6,753	88,204	2,132,806
Total comprehensive income	182,817	657,917	15,496	(58,802)	797,428
Dividends paid	(1,000,000)	(700,000)	–	–	(1,700,000)
Capital reduction	(999,900)	–	–	(30,180)	(1,030,080)
End of financial year	164,722	13,961	22,249	(778)	200,154
Group's interest in joint ventures	10%	50%	55%	50%	
<b>Group's share of net assets/ Carrying value</b>	<b>16,472</b>	<b>6,981</b>	<b>12,237</b>	<b>–</b>	<b>35,690</b>
<b>2019</b>					
<b>Net assets</b>					
Beginning of financial year	4,204,863	605,823	–	1,058,000	5,868,686
Total comprehensive income	776,942	50,221	6,753	(19,796)	814,120
Dividends paid	(3,000,000)	(600,000)	–	–	(3,600,000)
Capital reduction	–	–	–	(950,000)	(950,000)
End of financial year	1,981,805	56,044	6,753	88,204	2,132,806
Group's interest in joint ventures	10%	50%	55%	50%	
<b>Group's share of net assets/ Carrying value</b>	<b>198,181</b>	<b>28,022</b>	<b>3,714</b>	<b>44,102</b>	<b>274,019</b>

The Group has not recognised its share of losses of its joint ventures, CS-OKP Construction and Development Pte Ltd and Forte Builder Pte Ltd amounting to \$237 and \$152 respectively as the Group's cumulative share of losses exceeded its interest in these entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to these entities amounted to \$237 and \$152 respectively as at the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2020	2019
	\$	\$
Beginning of financial year	1,173,383	3,461,629
Notional fair value of loan (net)	(69,271)	(219,319)
Share of loss of associated companies	(693,442)	(1,135,511)
Reclassified to assets classified as held for sale (Note 7) <sup>(1)</sup>	–	(933,416)
End of financial year	410,670	1,173,383

Set out below are the associated companies of the Group, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of associated companies	Principal activities	Country of incorporation	% of ownership interest	
			2020	2019
<u>Held by subsidiary corporations</u>				
CS Amber Development Pte Ltd <sup>(a) (1)</sup>	Property development	Singapore	–	10%
Chong Kuo Development Pte Ltd <sup>(b) (2)</sup>	Property development	Singapore	22.5%	22.5%
USB Holdings Pte Ltd <sup>(c) (3)</sup>	Investment holding and property development	Singapore	25%	25%
<u>Held by USB Holdings Pte Ltd</u>				
United Singapore Builders Pte Ltd <sup>(c) (4)</sup>	General contractors	Singapore	100%	100%
USB (Phoenix) Pte Ltd <sup>(c) (5)</sup>	Property development	Singapore	100%	100%

(a) Audited by Heng Lee Seng LLP

(b) Audited by Ernst & Young LLP

(c) Audited by Nexia TS Public Accounting Corporation, an independent member firm of Nexia International

(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 ("CS Amber") and CS Land Pte Ltd, pursuant to which OKPL subscribed for 111,111 ordinary shares in CS Amber, representing approximately 10% of the enlarged issued and paid-up share capital of CS Amber. The aggregate consideration for the subscription of the shares is \$111,111.

The Group accounts for its investment in CS Amber as an associated company although the Group holds less than 20% of the issued share of CS Amber 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).

As at 31 December 2019, the investment in CS Amber has been reclassified to assets classified as held for sale (Note 7).

On 2 January 2020, the disposal of CS Amber had been completed.

(2) 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.

(3) 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.

(4) On 8 January 2014, Or Kim Peow Contractors (Private) Limited ("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 has 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 has 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 way of 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.

(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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

*Summarised financial information for associated companies*

Set out below are the summarised financial information of associated companies based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies, if any.

### Summarised statement of comprehensive income for the financial years ended 31 December

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
<b>2020</b>			
Revenue	19,755,758	17,238,227	36,993,985
Interest income	6,278	4,086	10,364
Other income	1,336,107	–	1,336,107
Expenses	(24,424,221)	(15,831,786)	(40,256,007)
Includes:			
– Cost of sales	(21,610,594)	(13,934,571)	(35,545,165)
– Interest expense	(958,190)	(1,173,302)	(2,131,492)
<b>(Loss)/Profit before income tax</b>	<b>(3,326,078)</b>	<b>1,410,527</b>	<b>(1,915,551)</b>
Income tax credit	723	–	723
<b>Total comprehensive (loss)/profit</b>	<b>(3,325,355)</b>	<b>1,410,527</b>	<b>(1,914,828)</b>
<b>2019</b>			
Revenue	18,757,198	6,182,374	24,939,572
Interest income	61,811	1,253	63,064
Other income	827,480	12	827,492
Expenses	(23,428,626)	(7,740,024)	(31,168,650)
Includes:			
– Cost of sales	(22,162,096)	(4,649,938)	(26,812,034)
– Interest expense	(837,717)	(1,460,731)	(2,298,448)
<b>Loss before income tax/Total comprehensive loss</b>	<b>(3,782,137)</b>	<b>(1,556,385)</b>	<b>(5,338,522)</b>

\* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised balance sheet as at 31 December

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
<b>2020</b>			
<b>Current assets</b>	<b>63,563,787</b>	<b>48,940,357</b>	<b>112,504,144</b>
Includes:			
– Cash and cash equivalents	5,960,629	4,546,569	10,507,198
– Trade and other receivables	2,764,672	1,451,937	4,216,609
– Contract assets	6,777,673	4,489,106	11,266,779
– Development property	48,060,813	38,452,745	86,513,558
<b>Non-current assets</b>	<b>520,197</b>	<b>–</b>	<b>520,197</b>
Includes:			
– Property, plant and equipment	520,197	–	520,197
<b>Current liabilities</b>	<b>(12,026,574)</b>	<b>(1,539,924)</b>	<b>(13,566,498)</b>
Includes:			
– Trade and other payables	(11,903,441)	(1,539,924)	(13,443,365)
<b>Non-current liabilities</b>	<b>(50,755,509)</b>	<b>(45,008,674)</b>	<b>(95,764,183)</b>
Includes:			
– Shareholders' loan	(18,593,509)	(18,945,074)	(37,538,583)
– Borrowings	(32,162,000)	(26,063,600)	(58,225,600)
<b>Net assets</b>	<b>1,301,901</b>	<b>2,391,759</b>	<b>3,693,660</b>
<b>2019</b>			
<b>Current assets</b>	<b>66,154,393</b>	<b>51,726,867</b>	<b>117,881,260</b>
Includes:			
– Cash and cash equivalents	6,182,903	989,061	7,171,964
– Trade and other receivables	58,710,856	482,634	59,193,490
– Contract assets	–	1,140,233	1,140,233
– Development property	–	49,114,939	49,114,939
<b>Non-current assets</b>	<b>697,324</b>	<b>–</b>	<b>697,324</b>
Includes:			
– Property, plant and equipment	697,324	–	697,324
<b>Current liabilities</b>	<b>(18,348,224)</b>	<b>(1,469,390)</b>	<b>(19,817,614)</b>
Includes:			
– Trade and other payables	(18,203,150)	(1,469,390)	(19,672,540)
<b>Non-current liabilities</b>	<b>(44,365,064)</b>	<b>(49,363,823)</b>	<b>(93,728,887)</b>
Includes:			
– Shareholders' loan	(12,203,064)	(15,879,454)	(28,082,518)
– Borrowings	–	(33,484,369)	(33,484,369)
<b>Net assets</b>	<b>4,138,429</b>	<b>893,654</b>	<b>5,032,083</b>

\* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in associated companies, is as follows:

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
<b>2020</b>			
<b>Net assets</b>			
Beginning of financial year	2,328,108	(797,653)	1,530,455
Total comprehensive (loss)/profit	(3,325,355)	1,410,527	(1,914,828)
End of financial year	(997,247)	612,874	(384,373)
Group's interest in associated companies	25%	22.5%	
Group's share of net assets	(249,312)	137,897	(111,415)
Notional fair value of loan, net	389,122	132,963	522,085
<b>Carrying value of Group's interest in associated companies at end of financial year</b>	<b>139,810</b>	<b>270,860</b>	<b>410,670</b>
<b>2019</b>			
<b>Net assets</b>			
Beginning of financial year	6,110,245	758,732	6,868,977
Total comprehensive loss	(3,782,137)	(1,556,385)	(5,338,522)
End of financial year	2,328,108	(797,653)	1,530,455
Group's interest in associated companies	25%	22.5%	
Group's share of net assets	582,027	-	582,027
Notional fair value of loan, net	361,733	229,623	591,356
<b>Carrying value of Group's interest in associated companies at end of financial year</b>	<b>943,760</b>	<b>229,623</b>	<b>1,173,383</b>

\* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

In financial year 2019, the Group has not recognised its share of loss of its associated company, Chong Kuo Development Pte Ltd amounting to \$179,471 as the Group's cumulative share of losses exceeded its interest in this entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to \$179,471 as at 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. INVESTMENT PROPERTIES

	Group	
	2020	2019
	\$	\$
Beginning of financial year	49,567,937	49,585,650
Currency translation differences	3,216,731	(607,337)
Net fair value (loss)/gain recognised in profit or loss (Note 25)	(677,432)	589,624
End of financial year	<u>52,107,236</u>	<u>49,567,937</u>

The following amounts are recognised in profit or loss:

Rental income	6,318,213	5,747,023
Direct operating expenses arising from investment properties that generate rental income	<u>(1,981,216)</u>	<u>(1,837,024)</u>

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

Location	Description	Existing use	Tenure	Fair value	
				2020	2019
				\$	\$
6-8 Bennett Street, East Perth, Western Australia <sup>(a)</sup>	Office building	Office building	Freehold	44,417,236	41,827,937
No. 190 Moulmein Road, #10-03 The Huntington, Singapore 308095 <sup>(a)</sup>	Apartment unit	Residential	Freehold	1,900,000	1,800,000
No. 6 Tagore Drive B1-06 Tagore Building, Singapore 787623 <sup>(a)</sup>	Office unit	Office unit	Freehold	1,640,000	1,660,000
No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623 <sup>(a)</sup>	Office unit	Office unit	Freehold	1,550,000	1,580,000
7 Woodlands Industrial Park E2, Singapore 757450 <sup>(a)</sup>	3-storey factory	Workshop, office unit, dormitory	60-year lease from 25 September 2006	2,600,000	2,700,000

(a) The investment properties are leased to non-related parties under non-cancellable leases.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. INVESTMENT PROPERTIES (CONT'D)

Fair value hierarchy:

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$
<b>2020</b>			
Office building	–	44,417,236	–
Residential	–	1,900,000	–
Office units	–	3,190,000	–
Workshop, office unit, dormitory	–	2,600,000	–
<b>2019</b>			
Office building	–	41,827,937	–
Residential	–	1,800,000	–
Office units	–	3,240,000	–
Workshop, office unit, dormitory	–	2,700,000	–

### Valuation techniques used to derive Level 2 fair values

For the investment property in Australia, the external independent professional valuers (“valuers”) used capitalisation method while for the investment properties in Singapore, the valuers used direct comparison method to determine the fair values of the investment properties.

Level 2 fair value of the Group’s property in Australia have been derived on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates and terminal capitalisation rates) used by the valuers. These estimates are based on local market conditions existing at the balance sheet date. Level 2 fair values of the Group’s properties in Singapore have been derived using the Direct Market Comparison method based on the properties’ highest and best use. Market prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation method is market price per square metre.

### Valuation processes of the Group

The Group engages valuers to determine the fair value of the Group’s properties at the end of every financial year based on the properties’ highest and best use. As at 31 December 2020 and 2019, the fair values of the properties have been determined by Savills Valuation and Professional Services (S) Pte Ltd and Burgess Rawson (WA) Pty Ltd.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. OTHER RECEIVABLES - NON-CURRENT

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Loan to associated companies	8,925,414	6,623,643	-	-
Less: Allowance for impairment				
Beginning of the financial year	-	(1,408,000)	-	-
Reclassified to assets classified as held for sale (Note 7)	-	1,408,000	-	-
	8,925,414	-	-	-
Loan to a subsidiary corporation	-	-	-	9,097,798
	8,925,414	6,623,643	-	9,097,798

The loan to CS Amber Development Pte Ltd ("CS Amber") was initially recognised at fair value and the difference between the amortised cost and the initial recognised amount has been capitalised as additional capital contribution to CS Amber. On 2 January 2020, CS Amber cancelled the 111,111 ordinary shares constituting approximately 10% of its total issued and paid-up share capital and has fully settled the loan. As such, the loan to CS Amber amounting to \$10,247,074 has been reclassified to assets classified as held for sale (Note 7) as at 31 December 2019.

The loan to a subsidiary corporation and loan to other associated companies are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loan to subsidiary corporation has been settled during the financial year ended 31 December 2020.

The fair values of non-current other receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	Group		Borrowing rate	
	2020	2019	2020	2019
	\$	\$	%	%
Loan to associated companies	8,832,950	6,259,194	0.41	1.77
	Company		Borrowing rate	
	2020	2019	2020	2019
	\$	\$	%	%
Loan to a subsidiary corporation	-	8,939,194	-	1.77



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold property	Freehold land	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Signboard	Right-of-use assets (Note 14)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Group</b>											
<b>2020</b>											
<b>Cost</b>											
Beginning of financial year	3,404,068	3,680,257	2,111,614	24,258,344	10,129,205	508,699	887,691	23,305	10,450	15,919,999	60,933,632
Additions	471,088	-	7,772,954	371,706	1,052,527	-	-	26,560	-	2,800,610	12,495,445
Disposals	-	-	-	(91,000)	(296,493)	-	-	-	-	(1,601,764)	(1,989,257)
Written off	-	-	-	(5,000)	-	-	-	-	-	-	(5,000)
End of financial year	3,875,156	3,680,257	9,884,568	24,534,050	10,885,239	508,699	887,691	49,865	10,450	17,118,845	71,434,820
<b>Accumulated depreciation</b>											
Beginning of financial year	543,315	2,453,508	-	19,614,281	7,640,233	508,699	887,179	18,644	10,450	5,702,332	37,378,641
Depreciation charge (Note 26)	89,672	245,350	-	1,058,127	732,317	-	383	8,645	-	2,044,787	4,179,281
Disposals	-	-	-	(87,250)	(261,532)	-	-	-	-	(553,920)	(902,702)
Written off	-	-	-	(4,333)	-	-	-	-	-	-	(4,333)
End of financial year	632,987	2,698,858	-	20,580,825	8,111,018	508,699	887,562	27,289	10,450	7,193,199	40,650,887
<b>Net book value at end of financial year</b>	<b>3,242,169</b>	<b>981,399</b>	<b>9,884,568</b>	<b>3,953,225</b>	<b>2,774,221</b>	<b>-</b>	<b>129</b>	<b>22,576</b>	<b>-</b>	<b>9,925,646</b>	<b>30,783,933</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building	Leasehold property	Freehold land	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Signboard	Right-of-use assets (Note 14)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Group 2019 Cost</b>											
Beginning of financial year	3,404,068	3,680,257	2,111,614	23,819,969	9,974,101	508,699	887,691	23,305	10,450	11,074,359	55,494,513
Additions	-	-	-	602,275	849,985	-	-	-	-	5,082,324	6,534,584
Disposals	-	-	-	(107,000)	(694,881)	-	-	-	-	(236,684)	(1,038,565)
Written off	-	-	-	(56,900)	-	-	-	-	-	-	(56,900)
End of financial year	3,404,068	3,680,257	2,111,614	24,258,344	10,129,205	508,699	887,691	23,305	10,450	15,919,999	60,933,632
<b>Accumulated depreciation</b>											
Beginning of financial year	475,233	2,208,157	-	18,708,421	7,555,664	508,699	886,317	13,983	9,405	4,520,236	34,886,115
Depreciation charge (Note 26)	68,082	245,351	-	1,069,760	679,098	-	862	4,661	1,045	1,387,222	3,456,081
Disposals	-	-	-	(107,000)	(594,529)	-	-	-	-	(205,126)	(906,655)
Written off	-	-	-	(56,900)	-	-	-	-	-	-	(56,900)
End of financial year	543,315	2,453,508	-	19,614,281	7,640,233	508,699	887,179	18,644	10,450	5,702,332	37,378,641
<b>Net book value at end of financial year</b>	2,860,753	1,226,749	2,111,614	4,644,063	2,488,972	-	512	4,661	-	10,217,667	23,554,991



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building \$	Freehold land \$	Motor vehicles \$	Office equipment \$	Furniture and fittings \$	Renovation \$	Total \$
<b>Company</b>							
<b>2020</b>							
<b>Cost</b>							
Beginning of financial year	3,404,068	2,111,614	174,404	388,519	883,858	23,305	6,985,768
Additions	471,088	7,772,954	–	–	–	26,560	8,270,602
End of financial year	3,875,156	9,884,568	174,404	388,519	883,858	49,865	15,256,370
<b>Accumulated depreciation</b>							
Beginning of financial year	543,315	–	104,643	388,519	883,858	18,644	1,938,979
Depreciation charge	89,672	–	34,881	–	–	8,645	133,198
End of financial year	632,987	–	139,524	388,519	883,858	27,289	2,072,177
<b>Net book value at end of financial year</b>							
	3,242,169	9,884,568	34,880	–	–	22,576	13,184,193
<b>2019</b>							
<b>Cost</b>							
Beginning and end of financial year	3,404,068	2,111,614	174,404	388,519	883,858	23,305	6,985,768
<b>Accumulated depreciation</b>							
Beginning of financial year	475,233	–	69,762	388,519	883,379	13,983	1,830,876
Depreciation charge	68,082	–	34,881	–	479	4,661	108,103
End of financial year	543,315	–	104,643	388,519	883,858	18,644	1,938,979
<b>Net book value at end of financial year</b>							
	2,860,753	2,111,614	69,761	–	–	4,661	5,046,789

(i) The details of the Group's properties are as follows:

Properties/Location	Nature	Purpose	Approximate built-in area (in sq. ft.)	Net book value	
				2020 \$	2019 \$
30 Tagore Lane, Singapore 787484	Freehold	Office use	10,742	4,904,286	4,972,367
32 Tagore Lane, Singapore 787484	Freehold	Dormitory/office	6,684	8,222,451	–
2A Sungei Kadut Drive, Singapore 729554	Leasehold	Fabrication yard/workshop/office	55,865	981,399	1,226,749

(ii) Included within additions in the consolidated financial statements are right-of-use assets acquired under lease arrangement amounting to \$2,727,683 (2019: \$4,236,371).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. RIGHT-OF-USE ASSETS

The Group leases office space for the purpose of back office for construction and maintenance operations. The Group leases motor vehicles, plant and machinery and state land for construction and maintenance divisions to fulfil its obligations relating to construction contracts with customers.

Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

### (a) Amounts recognised in the balance sheet

	Group	
	2020	2019
	\$	\$
<u>Right-of-use assets</u>		
Office unit	254,061	343,172
Plant and machinery	7,449,848	7,717,786
Motor vehicles	1,695,799	1,554,246
Use of state land for worksite	525,938	602,463
	<u>9,925,646</u>	<u>10,217,667</u>
<u>Lease liabilities</u>		
Current (Note 17)	1,956,844	2,004,852
Non-current (Note 17)	3,138,723	4,375,550
	<u>5,095,567</u>	<u>6,380,402</u>

### (b) Amounts recognised in the profit or loss

	Group	
	2020	2019
	\$	\$
<u>Depreciation of right-of-use assets</u>		
Office unit	354,069	110,233
Plant and machinery	1,070,863	735,890
Motor vehicles	275,416	235,614
Use of state land for worksite	344,438	305,485
	<u>2,044,786</u>	<u>1,387,222</u>
<u>Lease liabilities</u>		
Interest expense (included in finance expense) (Note 28)	234,708	144,098
Lease expenses not capitalised in lease liabilities:		
– Short term leases (“included in rental expenses”)	1,644,610	2,219,964
– Low-value leases (“included in rental expenses”)	153,683	115,515
	<u>1,798,293</u>	<u>2,335,479</u>

### (c) Total cash outflow for leases in 2020 is \$5,060,507 (2019: \$3,768,603).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14. RIGHT-OF-USE ASSETS (CONT'D)

### (d) Future cash outflow which are not capitalised in lease liabilities

#### i. Variable lease payments

There are no variable lease payments for the financial years ended 31 December 2020 and 2019.

#### ii. Extension options

The leases for certain office units contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

## 15. INTANGIBLE ASSETS

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Composition:</b>				
Goodwill (Note a)	1,687,551	1,687,551	–	–
Computer software licences (Note b)	63,475	93,712	16,238	20,880
	<u>1,751,026</u>	<u>1,781,263</u>	<u>16,238</u>	<u>20,880</u>

### (a) Goodwill

This represents goodwill on acquisitions of subsidiary corporations which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

	Group	
	2020	2019
	\$	\$
<i>Cost/Net book value</i>		
Beginning and end of financial year	<u>1,687,551</u>	<u>1,687,551</u>

#### Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to business segments.

A segment-level summary of the goodwill allocation is as follows:

	Group	
	2020	2019
	\$	\$
Construction	1,485,045	1,485,045
Maintenance	202,506	202,506
	<u>1,687,551</u>	<u>1,687,551</u>

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in these value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. The growth rates did not exceed the long-term average growth rate for the business in which the CGU operates.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. INTANGIBLE ASSETS (CONT'D)

### (a) Goodwill (cont'd)

Key assumptions used for value-in-use calculations:

	Construction	Maintenance
<b>2020</b>		
Gross margin	8% – 15%	8% – 15%
Growth rate	8%	3%
Discount rate	7.2%	7.2%
<b>2019</b>		
Gross margin	8% – 15%	8% – 15%
Growth rate	8%	3%
Discount rate	7.2%	7.2%

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

### (b) Computer software licences

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
<b>Cost</b>				
Beginning of financial year	519,715	496,518	78,243	55,046
Additions	–	23,197	–	23,197
End of financial year	519,715	519,715	78,243	78,243
<b>Accumulated amortisation</b>				
Beginning of financial year	426,003	394,889	57,363	51,843
Amortisation charge (Note 26)	30,237	31,114	4,642	5,520
End of financial year	456,240	426,003	62,005	57,363
Net book value	63,475	93,712	16,238	20,880

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Current</i>				
Trade payables				
– Non-related parties	11,235,746	9,786,922	70,293	49,055
Non-trade payables				
– Subsidiary corporations	–	–	1,954,922	1,946,868
– Joint venture	–	50,000	–	–
– Non-controlling interests	442,601	334,822	–	–
– Non-related parties	401,531	441,064	–	–
	844,132	825,886	1,954,922	1,946,868
Deferred grant income	525,578	–	–	–
Accrued operating expenses	7,574,592	8,343,600	1,086,711	713,919
	20,180,048	18,956,408	3,111,926	2,709,842
<i>Non-current</i>				
Non-trade payables				
– Loan from non-controlling interests	10,788,212	9,344,645	–	–
– Less: Notional fair value of loan	(874,435)	(1,088,935)	–	–
	9,913,777	8,255,710	–	–

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

Deferred grant income relates to Jobs Support Scheme payout (Note 25).

The non-current loan from non-controlling interests is unsecured, interest-free advances for the purpose of funding the subsidiary corporation's operating and development activities. The loan was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount represents capital reserve (Note 21 (b)(iii)) and is recorded as part of equity.

The fair values of non-current non-trade payables approximate their carrying amounts.

## 17. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<i>Current</i>				
Lease liabilities (Note 14)	1,956,844	2,004,852	–	–
Bank loan	5,314,995	756,211	4,500,000	–
	7,271,839	2,761,063	4,500,000	–
<i>Non-current</i>				
Lease liabilities (Note 14)	3,138,723	4,375,550	–	–
Bank loan	21,189,874	22,780,865	–	–
	24,328,597	27,156,415	–	–

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17. BORROWINGS (CONT'D)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
6 months or less	3,703,576	1,439,544	2,250,000	–
6 –12 months	3,568,263	1,321,520	2,250,000	–
1 – 5 years	24,328,597	27,156,414	–	–
	<u>31,600,436</u>	<u>29,917,478</u>	<u>4,500,000</u>	<u>–</u>

The effective interest rates for bank loan ranged from 1.41% to 3.10% per annum (2019: 2.85% to 4.10% per annum).

### (a) Fair value of non-current borrowings

	Group	
	2020	2019
	\$	\$
Bank loan	<u>20,221,025</u>	<u>20,744,908</u>

The fair values above are determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2020	2019
	%	%
Bank loan	<u>2.03</u>	<u>2.85</u>

The fair values of the non-current finance lease liabilities approximate their carrying amounts.

### (b) Security granted

Lease liabilities of the Group amounting to \$4,214,678 (2019: \$5,397,456) (Note 14) are secured over the leased plant and machinery, and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities. The lease liabilities are also secured by the Company's corporate guarantees (Note 36(i)).

Bank loan is secured by first legal mortgage over an investment property of the Group (Note 11), certain bank deposits (Note 4), corporate guarantees of the Company (Note 33(ii)) and charge over the Group's shares in the subsidiary corporation.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17. BORROWINGS (CONT'D)

### (c) Reconciliation of liabilities arising from financing activities

	1 January 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2020
				Additions during the year	Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	6,380,402	–	(3,262,214)	1,742,671	234,708	–	5,095,567
Bank loan	23,537,076	4,500,000	(3,736,561)	–	602,325	1,602,029	26,504,869

	1 January 2019	Principal and interest payments	Non-cash changes			31 December 2019
			Additions during the year	Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$
Lease liabilities	3,433,057	(1,433,124)	4,236,371	144,098	–	6,380,402
Bank loan	24,669,430	(1,590,871)	–	831,997	(373,480)	23,537,076

## 18. PROVISIONS

	Group	
	2020	2019
	\$	\$
Legal claims	1,400,000	–

The Group secured a contract to construct a viaduct from TPE to PIE (Westbound) and Upper Changi Road East ("contract ER449A") from the Land Transport Authority of Singapore ("LTA") in November 2015. On 14 July 2017, part of a highway structure under construction at Upper Changi Road East collapsed ("incident"). On 6 July 2018, the Group and the LTA have entered into an agreement to mutually terminate contract ER449A ("termination"). In relation to the termination, a settlement sum was agreed with and paid to LTA. During the current financial year, the Company recognised a total of approximately \$121,000 additional costs incurred relating to this project.

On 15 May 2018, the Group's wholly-owned subsidiary corporation, Or Kim Peow Contractors (Private) Limited ("OKPC") has received summon from the Ministry of Manpower and/or the Building and Construction Authority and the pre-trial conference was held on various dates and the latest was on 30 July 2019, pursuant to summon in relation to the incident which has been adjourned to period between 14 April 2020 and 30 April 2020 ("legal case").

On 22 January 2021, the verdict has been released and the subsidiary corporation was found guilty on the criminal charges brought in respect of the incident. However, the quantum that may be involved in respect to the verdict is, as of our report date, not finalised. The directors have made judgements and assumptions relating to their best estimate of the outcome of this legal case and accordingly, made a provision for legal claims of \$1,400,000 (Note 26). Actual outcome may differ from the estimated liability and the provision is expected to be utilised in 2021. In the opinion of the directors, after taking appropriate legal advice, the outcomes of these legal claims are not expected to give rise to any significant loss beyond the amounts provided at 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 19. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred income tax liabilities				
– to be settled within one year	240,669	661,216	–	–
– to be settled after one year	863,686	591,356	10,095	4,343
	<u>1,104,355</u>	<u>1,252,572</u>	<u>10,095</u>	<u>4,343</u>

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

### Deferred income tax liabilities

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Accelerated tax depreciation</b>				
Beginning of financial year	1,252,572	1,309,693	4,343	2,211
Tax (credit)/charge to profit or loss	(148,217)	(57,121)	5,752	2,132
End of financial year	<u>1,104,355</u>	<u>1,252,572</u>	<u>10,095</u>	<u>4,343</u>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$8,164,904 (2019: \$2,899,218) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in Singapore. The tax losses have no expiry date.

## 20. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		← Amount →	
	Issued share capital	Treasury shares	Share capital	Treasury shares
			\$	\$
<b>Group and Company</b>				
<b>2020</b>				
Beginning of financial year	308,430,594	–	36,832,301	–
Treasury shares purchases	–	(1,469,100)	–	(234,974)
End of financial year	<u>308,430,594</u>	<u>(1,469,100)</u>	<u>36,832,301</u>	<u>(234,974)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

	No. of ordinary shares	Amount \$
<b>Group and Company</b>		
<b>2019</b>		
Beginning and end of financial year	308,430,594	36,832,301

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

### (a) *Treasury shares*

The Company acquired 1,469,100 (2019: Nil) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$234,974 (2019: \$Nil) and this was presented as a component within shareholder's equity.

### (b) *Share awards*

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the grant of incentive share awards ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of Shares which may be delivered pursuant to Awards granted, when added to the number of Shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling Shareholders and their Associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of Shares that are available to Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the PSS and the number of Shares that are available to each Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no share awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 21. OTHER RESERVES

	2020	Group 2019
	\$	\$
<b>(a) Composition:</b>		
Asset revaluation reserve	1,372,330	1,372,330
Currency translation reserve	165,869	(40,267)
Capital reserve	1,705,132	1,655,007
	<u>3,243,331</u>	<u>2,987,070</u>
<b>(b) Movement:</b>		
<b>(i) Asset revaluation reserve</b>		
	2020	Group 2019
	\$	\$
Beginning and end of financial year	<u>1,372,330</u>	<u>1,372,330</u>
<b>(ii) Currency translation reserve</b>		
	2020	Group 2019
	\$	\$
Beginning of financial year	(40,267)	(23,852)
Currency translation differences arising from consolidation	404,189	(32,187)
Less: Non-controlling interests	(198,053)	15,772
End of financial year	<u>165,869</u>	<u>(40,267)</u>
<b>(iii) Capital reserve</b>		
	2020	Group 2019
	\$	\$
Beginning of financial year	1,655,007	1,655,007
Fair value adjustment on interest-free loan	50,125	–
End of financial year	<u>1,705,132</u>	<u>1,655,007</u>

Other reserves are non-distributable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 22. RETAINED PROFITS

- (a) Retained profits of the Group and the Company are distributable.
- (b) Movement in retained profits for the Company is as follows:

	Company	
	2020	2019
	\$	\$
Beginning of financial year	9,084,089	9,429,019
Net profit	3,399,422	2,739,376
Dividends paid (Note 31)	(2,153,378)	(3,084,306)
End of financial year	<u>10,330,133</u>	<u>9,084,089</u>

## 23. REVENUE

	Group	
	2020	2019
	\$	\$
Revenue from construction	46,065,051	49,965,871
Revenue from maintenance	17,243,692	25,683,637
Revenue from contract with customers (Note 6(a))	63,308,743	75,649,508
Rental income from investment properties	6,318,213	5,747,023
	<u>69,626,956</u>	<u>81,396,531</u>

## 24. COST OF SALES

Included in the cost of sales are the following:

	Group	
	2020	2019
	\$	\$
Depreciation of property, plant and equipment	3,716,590	2,996,302
Amortisation of intangible assets	20,306	20,306
Employee compensation:		
– Wages and salaries	21,439,588	21,543,653
– Employer's contribution to defined contribution plans including Central Provident Fund	2,082,451	3,669,523
	<u>2,082,451</u>	<u>3,669,523</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 25. OTHER GAINS, OTHERS

	Group	
	2020	2019
	\$	\$
Net fair value (loss)/gain on investment properties (Note 11)	(677,432)	589,624
Net gain on disposal of property, plant and equipment	31,382	79,960
Property, plant and equipment written off	(667)	–
Government grants		
– National Environment Agency grant <sup>(a)</sup>	150,000	–
– Special Employment Credit <sup>(b)</sup>	22,136	17,557
– Wage Credit Scheme <sup>(c)</sup>	46,169	19,978
– Data Logger Fund <sup>(d)</sup>	–	50,000
– Building and Construction Authority Construction Restart Booster <sup>(e)</sup>	2,205,765	–
– Safe Management Measures Levy rebates <sup>(f)</sup>	2,318,505	–
– Rental relief <sup>(g)</sup>	71,867	–
– Jobs Support Scheme <sup>(h)</sup>	3,752,556	–
– Others <sup>(i)</sup>	6,000	–
	8,572,998	87,535
Currency exchange gains/(losses) – net	711,325	(168,042)
Administrative income	105,000	99,000
Technical management consultancy fee	–	555,750
Sale of materials	63,426	91,848
Others	125,502	177,488
	<u>8,931,534</u>	<u>1,513,163</u>

- (a) The National Environment Agency (“NEA”) grant is a funding scheme relating to the Quieter Construction Fund (“QCF”) to support Singapore-registered companies to adopt the use of quieter construction equipment, noise control equipment, and to encourage innovative solutions to reduce construction related noise.
- (b) The Special Employment Credit (“SEC”) was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.
- (c) The Wage Credit Scheme is to help businesses which may face rising wage costs in a tight labour market. Wage Credit Scheme payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.
- (d) The Data Logger Fund was a co-funding scheme launched by the Workplace Safety and Health (“WSH”) Council to help companies defray the cost of installing data loggers in mobile cranes. The Data Logger Fund for Cranes will cover up to 50% of the cost of installation, capped at \$5,000 per mobile crane.
- (e) Building and Construction Authority Construction Restart Booster was announced on 27 June 2020 which aims to help construction firms defray costs in procuring additional materials and equipment to comply with COVID Safe Worksite requirements to ensure works resume safely. The support amount is 1.5% of the project contract value, capped at \$150,000 maximum support per project.
- (f) Safe Management Measures Levy rebates was introduced to support firms in the Construction, Marine Shipyard and Process sectors as they adjust to more stringent Safe Management Measures (“SMM”) arising from the COVID-19 crisis.
- (g) Rental relief was introduced as part of the COVID-19 (Temporary Measures) (Amendment) Bill to provide a rental relief framework for Small and Medium Enterprises (“SMEs”) and to enhance the relief available for businesses, organisations and individuals who are unable to fulfil their contractual obligations because of COVID-19. The government will provide an equivalent of approximately 2 months of rent for qualifying commercial properties, and approximately 1 month of rent for industrial and office properties.
- (h) The Jobs Support Scheme (“JSS”) is a temporary scheme introduced in the Singapore Budget 2020 to provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.
- (i) Others consists of Quarantine allowance and Annual General Meeting allowance.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26. EXPENSES BY NATURE

	Group	
	2020	2019
	\$	\$
Fees paid/payable to auditor of the Company for:		
– audit services	163,765	164,863
– non-audit services	28,095	22,250
Purchases of materials	11,721,539	14,746,852
Direct expenses arising from investment properties included in cost of sales	1,981,216	1,837,024
Sub-contractor costs	11,618,439	14,989,030
Amortisation of intangible assets (Note 15(b))	30,237	31,114
Depreciation of property, plant and equipment (Note 13)	4,179,281	3,456,081
Employee compensation (Note 27)	29,763,403	30,865,998
Professional fees	4,282,789	3,822,000
Provision for legal claims (Note 18)	1,400,000	–
Property tax and maintenance fee	74,522	97,450
Worksite expenses	1,658,456	1,452,614
Rental expenses	1,798,293	2,335,479
Upkeep of machineries and equipment	1,342,037	2,103,496
Upkeep of motor vehicles and lorries	861,247	1,208,222
Security fees	280,617	340,279
Withholding tax expenses	149,463	206,556
Other expenses	3,034,775	2,893,762
Total cost of sales and administrative expenses	<u>74,368,174</u>	<u>80,573,070</u>

## 27. EMPLOYEE COMPENSATION

	Group	
	2020	2019
	\$	\$
Wages and salaries	27,278,098	26,840,259
Employer's contribution to defined contribution plans including Central Provident Fund	2,485,305	4,025,739
	<u>29,763,403</u>	<u>30,865,998</u>

## 28. FINANCE EXPENSES

	Group	
	2020	2019
	\$	\$
Interest expense		
– Lease liabilities (Note 14(b))	234,708	144,098
– Notional interest on loan	325,626	311,546
– Bank loan	602,325	831,997
	<u>1,162,659</u>	<u>1,287,641</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. INCOME TAXES

### (a) Income tax expense

	Group	
	2020	2019
	\$	\$
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	44,000	104,056
– Foreign	690,217	381,184
	<u>734,217</u>	<u>485,240</u>
– Deferred income tax – Singapore (Note 19)	(87,687)	35,017
	<u>646,530</u>	<u>520,257</u>
Over provision of income tax in prior financial years:		
– Current income tax – Singapore	(108,499)	(69,480)
– Deferred income tax – Singapore (Note 19)	(60,530)	(92,138)
	<u>(169,029)</u>	<u>(161,618)</u>
	<u>477,501</u>	<u>358,639</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group	
	2020	2019
	\$	\$
Profit before income tax	4,432,783	1,039,529
Share of profit of joint ventures, net of tax	(326,751)	(96,621)
Share of loss of associated companies, net of tax	693,442	1,135,511
Profit before income tax and share of results of associated companies and joint ventures	<u>4,799,474</u>	<u>2,078,419</u>
Tax calculated at a tax rate of 17% (2019: 17%)	815,911	353,331
Effects of:		
– Different tax rates in other countries	252,212	289,617
– Tax incentives	(99,580)	(117,655)
– Income not subject to tax	(2,073,247)	(1,001,147)
– Expenses not deductible for tax purposes	820,469	396,088
– Deferred tax assets not recognised	895,167	624,270
– Others	35,598	(24,247)
Tax charge	<u>646,530</u>	<u>520,257</u>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29. INCOME TAXES (CONT'D)

### (b) Movement in current income tax liabilities

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Beginning of financial year	644,033	1,181,831	34,592	28,835
Income tax paid	(545,328)	(951,130)	–	(16,768)
Tax expense	734,217	485,240	44,000	32,700
Currency translation differences	39,107	(2,428)	–	–
Over provision in prior financial years	(108,499)	(69,480)	(18,424)	(10,175)
End of financial year	<u>763,530</u>	<u>644,033</u>	<u>60,168</u>	<u>34,592</u>

## 30. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2020	2019
Net profit/(loss) attributable to equity holders of the Company	<u>\$3,292,980</u>	<u>(\$378,556)</u>
Weighted average number of ordinary shares outstanding for basic earnings per share	<u>307,467,992</u>	<u>308,430,594</u>
Basic and diluted earnings/(loss) per share (cents per share)	<u>1.07</u>	<u>(0.12)</u>

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. DIVIDENDS

	Group and Company	
	2020	2019
	\$	\$
<i>Ordinary dividends paid</i>		
Final one-tier tax exempt dividend paid in respect of the previous financial year of \$0.007 (2019: \$0.007) per share	2,153,378	2,159,014
Special tax exempt (one-tier) dividend in respect of the previous financial year of \$Nil (2019: \$0.003) per share	–	925,292
	<u>2,153,378</u>	<u>3,084,306</u>

At the coming Annual General Meeting on 26 April 2021, a final tax exempt (one-tier) dividend of \$0.007 per share amounting to a total of approximately \$2,148,730 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2021.

## 32. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

### Key management personnel compensation

	Group	
	2020	2019
	\$	\$
Wages and salaries	3,185,140	2,968,141
Employer's contribution to defined contribution plans including Central Provident Fund	106,836	109,967
	<u>3,291,976</u>	<u>3,078,108</u>

Included in the above is total compensation to directors of the Company amounting to \$2,682,690 (2019: \$2,348,193).

## 33. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk

#### (a) Currency risk

The Group's exposure to foreign exchange rate risk is kept at minimal level as its costs and revenues are predominantly denominated in Singapore Dollar ("SGD") and Australian Dollar ("AUD"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$	USD \$	AUD \$	Total \$
<b>2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	72,719,111	2,824,228	3,553,919	79,097,258
Trade and other receivables	16,145,278	–	131,156	16,276,434
Intra-group receivables	40,338,681	–	11,232,090	51,570,771
	<u>129,203,070</u>	<u>2,824,228</u>	<u>14,917,165</u>	<u>146,944,463</u>
<b>Financial liabilities</b>				
Borrowings	9,595,567	–	22,004,869	31,600,436
Trade and other payables	20,231,314	–	9,862,511	30,093,825
Intra-group payables	40,338,681	–	11,232,090	51,570,771
	<u>70,165,562</u>	<u>–</u>	<u>43,099,470</u>	<u>113,265,032</u>
Net financial assets/(liabilities)	<u>59,037,508</u>	<u>2,824,228</u>	<u>(28,182,305)</u>	<u>33,679,431</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>–</u>	<u>2,824,228</u>	<u>–</u>	<u>2,824,228</u>
<b>2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	58,149,017	2,859,592	3,629,062	64,637,671
Trade and other receivables	12,191,857	–	148,624	12,340,481
Intra-group receivables	33,543,193	–	17,517,516	51,060,709
	<u>103,884,067</u>	<u>2,859,592</u>	<u>21,295,202</u>	<u>128,038,861</u>
<b>Financial liabilities</b>				
Borrowings	6,380,402	–	23,537,076	29,917,478
Trade and other payables	18,269,960	–	8,942,158	27,212,118
Intra-group payables	33,543,193	–	17,517,516	51,060,709
	<u>58,193,555</u>	<u>–</u>	<u>49,996,750</u>	<u>108,190,305</u>
Net financial assets/(liabilities)	<u>45,690,512</u>	<u>2,859,592</u>	<u>(28,701,548)</u>	<u>19,848,556</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>–</u>	<u>2,859,592</u>	<u>–</u>	<u>2,859,592</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk (cont'd)

#### (a) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD \$	USD \$	Total \$
<b>2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,305,061	773,053	4,078,114
Trade and other receivables	18,029,093	–	18,029,093
	<u>21,334,154</u>	<u>773,053</u>	<u>22,107,207</u>
<b>Financial liabilities</b>			
Borrowings	4,500,000	–	4,500,000
Trade and other payables	1,157,004	–	1,157,004
	<u>5,657,004</u>	<u>–</u>	<u>5,657,004</u>
Net financial assets	<u>15,677,150</u>	<u>773,053</u>	<u>16,450,203</u>
Currency exposure of financial assets	<u>–</u>	<u>773,053</u>	<u>773,053</u>
<b>2019</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2,167,291	783,985	2,951,276
Trade and other receivables	21,399,116	–	21,399,116
	<u>23,566,407</u>	<u>783,985</u>	<u>24,350,392</u>
<b>Financial liabilities</b>			
Trade and other payables	<u>2,709,842</u>	<u>–</u>	<u>2,709,842</u>
Net financial assets	<u>20,856,565</u>	<u>783,985</u>	<u>21,640,550</u>
Currency exposure of financial assets	<u>–</u>	<u>783,985</u>	<u>783,985</u>

If the USD changes against the SGD by 2% (2019: 1%) with all other variables including tax rate being held constant, the effect arising from the net financial asset position of the Group and the Company will be \$46,882 (2019: \$23,735) and \$12,833 (2019: \$6,507) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(b) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk is primarily from short-term deposits and bank loan with financial institutions. These short-term bank deposits are placed on a short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

The effective interest rates for short-term deposits ranged from 0.14% to 1.95% per annum (2019: 0.75% to 2.03% per annum). If the interest rates had increased/decreased by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the effect to net profit as a result of higher/lower interest income on these deposits will be approximately higher/lower by \$195,000 (2019: \$189,000).

The effective interest rates for bank loan ranged from 1.41% to 3.10% (2019: 2.85% to 4.10%) per annum. If the interest rates had increased/decreased by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the effect to net profit as a result of higher/lower interest expense on this bank loan will be approximately higher/lower by \$117,685 (2019: \$102,000).

(c) *Price risks*

The Group and the Company do not have exposure to equity price risk as the Group and the Company do not hold any equity financial assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Managing Director based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Group Managing Director.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2020	2019
	\$	\$
Corporate guarantees provided to banks for subsidiary corporations' banking facilities		
– Lease liabilities (Note 17 and 36)	4,214,678	5,397,456
– Bank loan (Note 17 and 36)	26,504,869	23,537,076

The trade receivables of the Group comprise of 2 debtors (2019: 2 debtors) that individually represented 16% – 53% (2019: 41% – 57%) of trade receivables.

### Concentration on credit risk

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
<u>By geographical areas</u>				
Singapore	2,475,334	2,108,380	6,732,500	6,507,600
<u>By types of customers</u>				
Non-related parties				
– Government bodies	1,698,295	2,077,047	–	–
– Non-government bodies	60,423	31,333	–	–
Subsidiary corporations	–	–	6,732,500	6,507,600
Joint venture	716,616	–	–	–
	2,475,334	2,108,380	6,732,500	6,507,600

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk (cont'd)

#### Trade receivables and contract assets

The Group uses a provision matrix to measure the expected credit loss ("ECL") allowance for trade receivables and contract assets.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the exposure to credit risk and ECLs for current trade receivables and contract assets as at 31 December 2020 and 2019:

	Weighted average loss rate %	Trade receivables \$	Contract assets \$	Gross carrying amount \$	Impairment loss allowance \$	Credit impaired
<b>2020</b>						
<b>Group</b>						
Current (not past due)	0.00	738,786	14,238,867	14,977,653	–	No
Past due <3 months	0.00	1,736,548	–	1,736,548	–	No
		<u>2,475,334</u>	<u>14,238,867</u>	<u>16,714,201</u>	<u>–</u>	
<b>Company</b>						
Current (not past due)	0.00	<u>6,732,500</u>	–	<u>6,732,500</u>	–	No
<b>2019</b>						
<b>Group</b>						
Current (not past due)	0.00	890,105	15,666,389	16,556,494	–	No
Past due <3 months	0.00	1,218,275	–	1,218,275	–	No
		<u>2,108,380</u>	<u>15,666,389</u>	<u>17,774,769</u>	<u>–</u>	
<b>Company</b>						
Current (not past due)	0.00	<u>6,507,600</u>	–	<u>6,507,600</u>	–	No

Management believes that, based on their internal credit risk ratings, there is no credit loss allowance necessary in respect of the trade receivables and contract assets as they arose mainly from customers that have low default risk on billings and payments and a good record with the Group.

The Company's trade receivables from subsidiary corporations of the Company are provided under the overall group treasury strategy. The Group has sufficient financial assets and other committed credit lines to meet the cash flow needs of the Group. There is no loss allowance arising from these outstanding balances as the ECL is not significant.

Cash and cash equivalents, other receivables and loan to associated companies are subject to immaterial credit loss as at balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (iii) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and cash equivalents and having an adequate amount of committed credit facilities to enable them to meet their normal operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total \$
<b>Group</b>				
<b>2020</b>				
Trade and other payables	20,180,048	–	9,913,777	30,093,825
Borrowings	7,408,519	2,264,480	22,196,395	31,869,394
	<u>27,588,567</u>	<u>2,264,480</u>	<u>32,110,172</u>	<u>61,963,219</u>
<b>2019</b>				
Trade and other payables	18,956,408	–	8,255,710	27,212,118
Borrowings	2,939,788	2,576,115	24,824,449	30,340,352
	<u>21,896,196</u>	<u>2,576,115</u>	<u>33,080,159</u>	<u>57,552,470</u>
<b>Company</b>				
<b>2020</b>				
Trade and other payables	<u>3,111,926</u>	–	–	<u>3,111,926</u>
<b>2019</b>				
Trade and other payables	<u>2,709,842</u>	–	–	<u>2,709,842</u>





# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (iv) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's and Company's strategies in monitoring their capital, which were unchanged since 2013, are to maintain gearing ratios within 25% to 30%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2020 \$	2019 \$
<b>Group</b>		
<u>Net debt</u>		
Borrowings (Note 17)	31,600,436	29,917,478
Trade and other payables (Note 16)	30,093,825	27,212,118
	<u>61,694,261</u>	<u>57,129,596</u>
Less: Cash and cash equivalents (Note 4)	(79,097,258)	(64,637,671)
Net debt	<u>N.M.</u>	<u>N.M.</u>
<u>Total capital</u>		
Net debt	N.M.	N.M.
Total equity	<u>123,183,369</u>	<u>121,162,125</u>
Total capital	<u>123,183,369</u>	<u>121,162,125</u>
Gearing ratio	<u>N.M.</u>	<u>N.M.</u>
<b>Company</b>		
<u>Net debt</u>		
Borrowings (Note 17)	4,500,000	–
Trade and other payables (Note 16)	3,111,926	2,709,842
	<u>7,611,926</u>	<u>2,709,842</u>
Less: Cash and cash equivalents (Note 4)	(4,078,114)	(2,951,276)
Net debt	<u>3,533,812</u>	<u>N.M.</u>
<u>Total capital</u>		
Net debt	3,533,812	N.M.
Total equity	<u>46,927,460</u>	<u>45,916,390</u>
Total capital	<u>50,461,272</u>	<u>45,916,390</u>
Gearing ratio	<u>7%</u>	<u>N.M.</u>

\* N.M. – not meaningful

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. FINANCIAL RISK MANAGEMENT (CONT'D)

### (v) Fair value measurements

Assets and liabilities are recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value disclosures of assets that are recognised or measured at fair value is disclosed at Note 11.

### (vi) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in notes to the financial statements, except for the following:

	Group \$	Company \$
<b>2020</b>		
Financial assets, at amortised cost	146,944,463	22,107,207
Financial liabilities, at amortised cost	113,265,032	5,657,004
<b>2019</b>		
Financial assets, at amortised cost	128,038,861	24,350,392
Financial liabilities, at amortised cost	108,190,305	2,709,842

## 34. SEGMENT INFORMATION

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. Currently, the business segments operate only in Singapore and Australia.

Other service included in Singapore is investment holding, which is not included within the reportable operating segments, as this is not included in the reports provided to the Board of Directors. The result of this operation, if any, is included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

Construction – It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings and airports infrastructure.

Maintenance – It relates to re-construction work performed on roads, road reserves, pavements, footpaths and kerbs, guardrails, drains, signboards as well as bus bays and shelters.

Rental income – It relates to income received for rental of investment properties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. SEGMENT INFORMATION (CONT'D)

	2020			2019		
	Construction	Maintenance	Rental income	Construction	Maintenance	Rental income
	\$	\$	\$	\$	\$	\$
<b>Group Revenue</b>						
Total segment revenue	74,574,297	17,477,734	6,318,213	76,961,851	29,490,068	5,747,023
Inter-segment revenue	(28,509,246)	(234,042)	–	(26,995,980)	(3,806,431)	–
Revenue from external parties	46,065,051	17,243,692	6,318,213	49,965,871	25,683,637	5,747,023
Gross profit	2,006,447	1,032,658	4,336,997	4,916,978	2,018,858	3,909,999
Other gains						
– Allocated			99			680,064
– Unallocated						2,030,577
Other losses						
– Allocated			(677,432)			–
– Unallocated						(168,042)
Administrative expense						
– Allocated			(52,352)			(53,237)
– Unallocated						(9,969,137)
Share of profit of joint ventures						96,621
Share of loss of associated companies						<u>(1,135,511)</u>
Finance expense						<u>2,327,170</u>
– Allocated			(927,951)			(1,143,543)
– Unallocated						(144,098)



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. SEGMENT INFORMATION (CONT'D)

	2020			2019		
	Construction \$	Maintenance \$	Rental income \$	Construction \$	Maintenance \$	Rental income \$
<b>Group (cont'd)</b>						
Profit before income tax			4,432,783			1,039,529
Income tax expense						
– Allocated		(690,217)	(690,217)		(383,840)	(383,840)
– Unallocated			212,716			25,201
Net profit			<u>3,955,282</u>			<u>680,890</u>
Depreciation of property, plant and equipment (excluding right-of-use assets)	1,247,462	435,573	1,683,035	1,061,150	559,160	1,620,310
Amortisation of intangible assets	20,307		20,307	20,034	272	20,306
<b>Segment Assets</b>	<u>14,254,613</u>	<u>9,153,185</u>	<u>57,976,753</u>	<u>17,152,896</u>	<u>6,616,839</u>	<u>50,547,979</u>
<b>Segment Liabilities</b>	<u>16,230,902</u>	<u>7,729,906</u>	<u>36,863,290</u>	<u>10,677,065</u>	<u>5,825,359</u>	<u>32,284,506</u>
			<u>60,824,098</u>			<u>48,786,930</u>



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. SEGMENT INFORMATION (CONT'D)

Revenue between segments is carried out at market terms. 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.

### Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the intangible asset (goodwill), contract assets, and trade receivables. All assets are allocated to reportable segments other than assets classified as held for sale, cash and cash equivalents (partial), deposits, prepayments, other receivables, intangible assets (computer software licences), loan to associated companies and joint ventures, investments in associated companies and joint ventures, and property, plant and equipment.

	2020 \$	2019 \$
Segment assets for reportable segments	81,384,551	74,317,714
Unallocated:		
– Cash and cash equivalents	75,799,300	64,249,812
– Deposits, prepayments, and other receivables	2,501,752	2,521,994
– Intangible assets (computer software licences)	16,238	20,880
– Loan to associated companies and joint ventures	8,925,414	6,623,643
– Investments in associated companies and joint ventures	446,360	1,447,402
– Property, plant and equipment	28,005,614	21,234,391
– Assets classified as held for sale	–	9,772,490
	<u>197,079,229</u>	<u>180,188,326</u>

### Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities and borrowings (partial).

	2020 \$	2019 \$
Segment liabilities for reportable segments	60,824,098	48,786,930
Unallocated:		
– Other payables	6,773,479	2,524,942
– Income tax liabilities	763,530	644,033
– Deferred income tax liabilities	1,104,355	1,252,572
– Borrowings	4,430,398	5,817,724
	<u>73,895,860</u>	<u>59,026,201</u>

Revenue of \$26,503,050 (2019: \$24,549,728) and \$9,892,130 (2019: \$14,057,714) and \$6,318,213 (2019: \$5,747,023) are derived from mainly three external customers which is attributable to construction, maintenance and rental income segments respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 34. SEGMENT INFORMATION (CONT'D)

### Geographical Information

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.

	2020			2019		
	Singapore \$	Australia \$	Total \$	Singapore \$	Australia \$	Total \$
<b>Group</b>						
Segment revenue	63,560,964	6,065,992	69,626,956	75,968,886	5,427,645	81,396,531
Segment non-current assets	49,596,733	44,417,236	94,013,969	41,147,299	41,827,937	82,975,236
Segment assets	152,139,056	44,940,173	197,079,229	137,782,516	42,405,810	180,188,326

## 35. COMMITMENTS

### (i) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2020 \$	2019 \$
Property, plant and equipment	942,982	535,021
Investment property <sup>(a)</sup>	9,831,585	7,365,400
	<u>10,774,567</u>	<u>7,900,421</u>

(a) On 23 October 2020, the Group had exercised the option to purchase a property at 35 Kreta Ayer Road, Singapore 089000 at the price of \$11,300,000. The transaction has been completed on 15 January 2021.

On 18 November 2019, the Group has exercised the option to purchase a freehold property at 32 Tagore Lane, Singapore 787485 from a non-related party at the price of \$8,000,000. The transaction has been completed on 10 February 2020.

### (ii) Operating lease commitments – where the Group is a lessee

The Group leases land and office equipment from non-related parties under non-cancellable operating lease agreements.

The future minimum lease payables for low-value and short-term leases under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2020 \$	2019 \$
Not later than one year	38,433	33,636
Between one and five years	36,405	47,523
	<u>74,838</u>	<u>81,159</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 35. COMMITMENTS (CONT'D)

### (iii) Operating lease commitments – where the Group is a lessor

The Group has leased out their owned investment properties to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The leases have remaining non-cancellable lease terms of up to 2 years to 7 years.

Rental income from investment properties are disclosed in Note 11.

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	Group	
	2020	2019
	\$	\$
Not later than one year	3,127,413	3,878,477
Between one and five years	6,283,139	7,885,462
Later than five years	–	994,242
Total undiscounted lease payments	<u>9,410,552</u>	<u>12,758,181</u>

## 36. CONTINGENT LIABILITIES

### (i) Corporate guarantees

The Company has issued corporate guarantees to banks and financing institutions to secure the subsidiary corporations' and associated company's certain lease arrangement and bank loan.

The directors estimated that the fair value of the corporate guarantees is not significant to the Company.

### (ii) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

### (iii) Contract ER449A and legal case

The Group secured a contract to construct a viaduct from TPE to PIE (Westbound) and Upper Changi Road East ("contract ER449A") from the Land Transport Authority of Singapore ("LTA") in November 2015. On 14 July 2017, part of a highway structure under construction at Upper Changi Road East collapsed ("incident"). On 6 July 2018, the Group and the LTA have entered into an agreement to mutually terminate contract ER449A ("termination"). In relation to the termination, a settlement sum was agreed with and paid to LTA. During the current financial year, the Company recognised a total of approximately \$121,000 million additional costs incurred relating to this project.

On 15 May 2018, the Group's wholly-owned subsidiary corporation, Or Kim Peow Contractors (Private) Limited ("OKPC") has received summon from the Ministry of Manpower and/or the Building and Construction Authority and the pre-trial conference was held on various dates and the latest was on 30 July 2019, pursuant to summon in relation to the incident which has been adjourned to period between 14 April 2020 and 30 April 2020 ("legal case").

In 2019, management was of the view that no provision was required with respect to the legal case as the quantum that may be involved was, as yet, undetermined, and would depend on events in the future.

In 2020, the Group has recognised a provision of \$1,400,000 (Note 18) as the best estimate of the expenditure required to settle the present obligation.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and 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 2021 and which the Group has not early adopted.

### Effective for annual periods beginning on or after 1 June 2020

- Amendments to SFRS(I) 16: Leases (COVID-19 Related Rent Concessions)

### Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to SFRS(I)s 2018-2020

### Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 7

### Effective date: to be determined\*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* 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





# LETTER TO SHAREHOLDERS



(Incorporated in the Republic of Singapore)  
(Company Registration No. 200201165G)

## Board of Directors:-

Mr Or Kim Peow (Group Chairman)  
Mr Or Toh Wat (Group Managing Director)  
Mdm Ang Beng Tin (Executive Director)  
Mr Or Kiam Meng (Executive Director)  
Mr Oh Enc Nam (Executive Director)  
Mr Or Lay Huat Daniel (Executive Director)  
Dr Chen Seow Phun, John (Lead Independent Director)  
Mr Nirumalan s/o V Kanapathi Pillai (Independent Director)  
Mr Tan Boen Eng (Independent Director)

## Registered Office:-

30 Tagore Lane  
Singapore 787484

1 April 2021

To: The Shareholders of OKP Holdings Limited ("**Shareholders**")

Dear Sir/Madam

## PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 1 April 2021 in respect of the annual general meeting ("**2021 AGM**") to be held by electronic means on Monday, 26 April 2021 at 11.00 am and Resolution 16 set out under "Special Business" in the Notice of the said AGM.

### 1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 20 April 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held in subsequent years, with the last renewal on 27 April 2020. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Nineteenth AGM (2021 AGM) to be held on 26 April 2021.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter ("**Letter**") is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

### 2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

# LETTER TO SHAREHOLDERS (CONT'D)

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity of Shares or the financial condition of the Company and the Group.

## 3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2021 AGM, are summarised below:-

### (a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares (excluding any treasury shares and subsidiary holdings) as at the date of the 2021 AGM on which the resolution renewing the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, Chapter 50 (the "**Companies Act**"), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings). "**Relevant Period**" means the period commencing from the date on which the Share Purchase Mandate is renewed and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

As at 8 March 2021 (the "**Latest Practicable Date**"), the Company had 306,961,494 issued Shares (excluding treasury shares) and no subsidiary holdings, and thus up to 30,696,149 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2021 AGM.

### (b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:-

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

### (c) Manner of Purchase

Purchases of Shares may be made on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("**Off-Market Purchases**") as defined in Section 76C(6) of the Companies Act.

Market Purchases refer to purchases of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

# LETTER TO SHAREHOLDERS (CONT'D)

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
  - (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:-

- (i) the terms and conditions of the offer;
  - (ii) the period and procedures for acceptances;
  - (iii) the reasons for the proposed share purchase;
  - (iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;
  - (v) whether the share purchase, if made, could affect the listing of the Shares on the SGX-ST;
  - (vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
  - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

# LETTER TO SHAREHOLDERS (CONT'D)

For the above purposes:-

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-market day period and the day on which the Market Purchase is made;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**Market Day**” means a day on which the SGX-ST is open for trading in securities.

## 4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(b) Voting and other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and/or to receive any dividends or other distribution in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:-

- (i) selling the treasury shares for cash;
- (ii) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancelling the treasury shares; or
- (v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

# LETTER TO SHAREHOLDERS (CONT'D)

## 5. SOURCE OF FUNDS

The Companies Act permits the Company to purchase its Shares out of capital or profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of the payment for the Shares, the following conditions are satisfied:-

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

## 6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

### (a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.



# LETTER TO SHAREHOLDERS (CONT'D)

## (b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:-

- (i) that the purchase or acquisition by the Company of 30,696,149 Shares, representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on 31 December 2020;
- (ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of \$0.184 for each Share (being 105% of the Average Closing Price as at 31 December 2020) or via Off-Market Purchases at the Maximum Price of \$0.216 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2020);
- (iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to \$5,648,091 for Market Purchases or \$6,630,368 for Off-Market Purchases was financed entirely using its internal sources of funds; and
- (iv) that the purchase or acquisition of Shares was made entirely out of capital and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 ("FY2020"), are set out below.

### Scenario 1

Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 31 December 2020</b>	\$'000	\$'000	\$'000	\$'000
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,243	3,243	-	-
Retained profits	82,303	82,303	10,330	10,330
	122,378	122,378	47,162	47,162
Non-controlling interests	1,040	1,040	-	-
	123,418	123,418	47,162	47,162
Treasury shares	(235)	(5,883)	(235)	(5,883)
Shareholders' funds	123,183	117,535	46,927	41,279
Current assets	103,065	97,417	22,190	18,112
Current liabilities	38,549	38,549	7,672	7,672
Cash and cash equivalents	79,097	73,449	4,078	-
Working capital	64,516	58,868	14,518	10,440
Total borrowings <sup>(1)</sup>	31,600	31,600	4,500	4,500
Net tangible assets <sup>(2)</sup>	121,432	115,754	46,911	41,263
Net profit after tax attributable to shareholders of the Company	3,293	3,293	3,399	3,399
Number of Shares ('000)	306,961	276,265	306,961	276,265
Weighted average number of Shares ('000)	307,468	276,772	307,468	276,772
<b>Financial Ratios</b>				
Net tangible assets per Share (cents)	39.56	41.90	15.28	14.94
Earnings per Share <sup>(3)</sup> (cents)	1.07	1.19	1.11	1.23
Gearing ratio <sup>(4)</sup> (times)	0.26	0.27	0.10	0.11
Current ratio <sup>(5)</sup> (times)	2.67	2.53	2.89	2.36

#### Notes:-

- (1) Total borrowings relate to finance leases and bank borrowing.
- (2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.
- (3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the weighted average number of shares.
- (4) Gearing ratio equals total borrowings divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

# LETTER TO SHAREHOLDERS (CONT'D)

## Scenario 2

Off-Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 31 December 2020</b>	\$'000	\$'000	\$'000	\$'000
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,243	3,243	–	–
Retained profits	82,303	82,303	10,330	10,330
	122,378	122,378	47,162	47,162
Non-controlling interests	1,040	1,040	–	–
	123,418	123,418	47,162	47,162
Treasury shares	(235)	(6,865)	(235)	(6,865)
Shareholders' funds	123,183	116,553	46,927	40,297
Current assets	103,065	96,435	22,190	18,112
Current liabilities	38,549	38,549	7,672	7,672
Cash and cash equivalents	79,097	72,467	4,078	–
Working capital	64,516	57,886	14,518	10,440
Total borrowings <sup>(1)</sup>	31,600	31,600	4,500	4,500
Net tangible assets <sup>(2)</sup>	121,432	114,801	46,911	40,281
Net profit after tax attributable to shareholders of the Company	3,293	3,293	3,399	3,399
Number of Shares ('000)	306,961	276,265	306,961	276,265
Weighted average number of Shares ('000)	307,468	276,772	307,468	276,772
<b>Financial Ratios</b>				
Net tangible assets per Share (cents)	39.56	41.55	15.28	14.58
Earnings per Share <sup>(3)</sup> (cents)	1.07	1.19	1.11	1.23
Gearing ratio <sup>(4)</sup> (times)	0.26	0.27	0.10	0.11
Current ratio <sup>(5)</sup> (times)	2.67	2.50	2.89	2.36

### Notes:-

(1) Total borrowings relate to finance leases and bank borrowing.

(2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.

(3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the weighted average number of shares.

(4) Gearing ratio equals total borrowings divided by shareholders' funds.

(5) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2020 numbers and is not necessarily representative of the Company's or the Group's future financial performance.

# LETTER TO SHAREHOLDERS (CONT'D)

## 7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant financial statements.

## 8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer (or, in the case of the Company, the Group Managing Director), substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 89,207,084 issued Shares in the hands of the public (as defined above), representing 29.06% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 58,510,935 Shares, representing 21.18% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 1,469,100 treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:-

- (i) affecting adversely the listing status of the Shares on the SGX-ST;
- (ii) causing market illiquidity; or
- (iii) affecting adversely the orderly trading of Shares.



# LETTER TO SHAREHOLDERS (CONT'D)

## 9. TAX IMPLICATIONS

### (a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act, Chapter 134 (the “Income Tax Act”), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

### (b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

## 10. IMPLICATIONS OF TAKE-OVER CODE

### (a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (“TOC Appendix 2”) of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

- (i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

# LETTER TO SHAREHOLDERS (CONT'D)

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Or Kim Peow Investments Pte Ltd, the controlling Shareholder of the Company, together with persons acting concert with it, comprising Or Kim Peow, Or Toh Wat, Ang Beng Tin, Or Kiam Meng, Oh Enc Nam and Or Lay Huat Daniel, who are Directors of the Company, and their close relatives, collectively held 56.89% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

**Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.**

## 11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "Registrar").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

## 12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

1,469,100 Shares had been purchased by the Company in the 12 months preceding the Latest Practicable Date by way of Market Purchases at prices per Share ranging from \$0.145 to \$0.17, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately \$235,588. These 1,469,100 Shares are held as treasury shares by the Company.

# LETTER TO SHAREHOLDERS (CONT'D)

## 13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Or Kim Peow <sup>(2)</sup>	757,000	0.25	168,566,910	54.91
Or Toh Wat	322,000	0.10	–	–
Ang Beng Tin	323,500	0.11	–	–
Or Kiam Meng	322,000	0.10	–	–
Oh Enc Nam	133,000	0.04	–	–
Or Lay Huat Daniel	322,000	0.10	–	–
Chen Seow Phun, John <sup>(3)</sup>	–	–	38,000	0.01
<b>Substantial Shareholders (other than Directors)</b>				
Or Kim Peow Investments Pte Ltd	168,566,910	54.91	–	–
CS International (S) Pte. Ltd. <sup>(4)</sup>	43,125,000	14.05	–	–

**Notes:**

- (1) As a percentage of the total number of 306,961,494 issued Shares (excluding 1,469,100 treasury shares).
- (2) Mr Or Kim Peow is deemed to have an interest in the 168,566,910 Shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act.
- (3) Dr Chen Seow Phun, John is deemed to have an interest in the 38,000 Shares held by his wife, Mdm Lim Kok Huang, by virtue of Section 164(15) of the Companies Act.
- (4) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the Shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act.

## 14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 16, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2021 AGM.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

## 16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

# LETTER TO SHAREHOLDERS (CONT'D)

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 30 Tagore Lane Singapore 787484 during normal business hours from the date of this Letter up to the date of the 2021 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2020; and
- (b) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**OKP HOLDINGS LIMITED**

**Or Kim Peow**  
Group Chairman

# STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

Issued and paid-up capital	:	\$36,832,301
Number of issued shares	:	308,430,594
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 1,469,100 treasury shares and there are no subsidiary holdings. The treasury shares constitute 0.48% of the total number of issued shares of the Company.

## DISTRIBUTION OF SHAREHOLDINGS

(As at 8 March 2021)

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	311	11.52	3,161	0.00
100 – 1,000	100	3.71	66,060	0.02
1,001 – 10,000	940	34.83	5,585,962	1.82
10,001 – 1,000,000	1,337	49.54	68,635,869	22.36
1,000,001 and above	11	0.41	232,670,442	75.80
<b>Total</b>	<b>2,699</b>	<b>100.00</b>	<b>306,961,494</b>	<b>100.00</b>

The above shareholdings do not include 1,469,100 treasury shares held by the Company.

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 8 March 2021)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte. Ltd.	168,566,910	54.91	–	–
CS International (S) Pte. Ltd. <sup>(1)</sup>	43,125,000	14.05	–	–
Or Kim Peow <sup>(2)</sup>	757,000	0.25	168,566,910	54.91

### Notes:

- (1) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.
- (2) Or Kim Peow is deemed to have an interest in the 168,566,910 shares held by Or Kim Peow Investments Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

# STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 8 MARCH 2021

## TWENTY LARGEST SHAREHOLDERS

(As at 8 March 2021)

No	Name	No of Shares	%
1	Or Kim Peow Investments Pte Ltd	143,566,910	46.77
2	CS International (S) Pte. Ltd.	43,125,000	14.05
3	Citibank Nominees Singapore Pte Ltd	26,284,700	8.56
4	DBS Nominees (Private) Limited	8,092,264	2.64
5	Raffles Nominees (Pte) Limited	2,658,800	0.87
6	Oh Kim Poy	1,909,500	0.62
7	United Overseas Bank Nominees (Private) Limited	1,674,800	0.55
8	Lim Bee Kim	1,661,500	0.54
9	ABN AMRO Clearing Bank N.V.	1,327,800	0.43
10	OCBC Nominees Singapore Private Limited	1,306,618	0.43
11	Or Lay Tin	1,062,550	0.35
12	Chan Chee Meng	819,600	0.27
13	Khoo Bee Leng, Joanna (Qiu Meiling, Joanna)	810,500	0.26
14	Chua Kim Tiong	757,500	0.25
15	Or Kim Peow	757,000	0.25
16	Thomwin	721,500	0.24
17	Seng Hong Noi	715,900	0.23
18	Phillip Securities Pte Ltd	628,683	0.20
19	Quek Kok Kwang (Guo GuoGuang)	596,000	0.19
20	Or Lay Wah Elaine	593,950	0.19
	<b>Total</b>	<b>239,071,075</b>	<b>77.89</b>

## RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

Based on the information provided to the Company as at 8 March 2021, there were approximately 89,207,084 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.06% of the total number of issued shares (excluding treasury shares) of the Company. Accordingly, Rule 723 of the SGX Listing Manual has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

## OKP HOLDINGS LIMITED

(Company Registration No. 200201165G)  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Nineteenth Annual General Meeting (the “AGM”) of OKP HOLDINGS LIMITED (the “Company”) will be held by electronic means on Monday, 26 April 2021 at 11.00 a.m. for the following purposes:-

## AS ORDINARY BUSINESS

### Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2020 together with the Directors’ Statement and the Independent Auditor’s Report.

### Resolution 2

2. To declare a final one-tier tax exempt dividend of \$0.007 (2019: \$0.007) per ordinary share for the financial year ended 31 December 2020.

### Resolution 3

3. To re-elect Mr Or Toh Wat who is retiring by rotation pursuant to Regulation 107 of the Company’s Constitution (the “Constitution”) and who, being eligible, offers himself for re-election as a Director.  
[see Explanatory Note (i)]

### Resolution 4

4. To re-elect Mdm Ang Beng Tin who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers herself for re-election as a Director.  
[see Explanatory Note (i)]

### Resolution 5

5. To re-elect Mr Nirumalan s/o V Kanapathi Pillai who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.  
[see Explanatory Note (i)]

### Resolution 6

6. Subject to and contingent upon the passing of Resolution 5 by members of the Company and the passing of Resolution 7 by members of the Company, excluding the Directors and their respective associates (as defined in the Listing Manual), to approve the continued appointment of Mr Nirumalan s/o V Kanapathi Pillai as an independent Director, such approval to remain in force until the retirement or resignation of Mr Nirumalan s/o V Kanapathi Pillai as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

### Resolution 7

7. Subject to and contingent upon the passing of Resolution 5 and Resolution 6 by members of the Company, to approve the continued appointment of Mr Nirumalan s/o V Kanapathi Pillai as an independent Director, with the Directors and their respective associates (as defined in the Listing Manual) abstaining from voting, such approval to remain in force until the retirement or resignation of Mr Nirumalan s/o V Kanapathi Pillai as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

*Mr Nirumalan s/o V Kanapathi Pillai will, upon re-election and continued appointment as an independent Director, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”).*

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Resolution 8

8. Subject to and contingent upon the passing of Resolution 9 by members of the Company, excluding the Directors and their respective associates (as defined in the Listing Manual), to approve the continued appointment of Dr Chen Seow Phun, John as an independent Director, such approval to remain in force until the retirement or resignation of Dr Chen Seow Phun, John as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

## Resolution 9

9. Subject to and contingent upon the passing of Resolution 8 by members of the Company, to approve the continued appointment of Dr Chen Seow Phun, John as an independent Director, with the Directors and their respective associates (as defined in the Listing Manual) abstaining from voting, such approval to remain in force until the retirement or resignation of Dr Chen Seow Phun, John as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

*Dr Chen Seow Phun, John will, upon continued appointment as an independent Director, remain as the chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual.*

## Resolution 10

10. Subject to and contingent upon the passing of Resolution 11 by members of the Company, excluding the Directors and their respective associates (as defined in the Listing Manual), to approve the continued appointment of Mr Tan Boen Eng as an independent Director, such approval to remain in force until the retirement or resignation of Mr Tan Boen Eng as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

## Resolution 11

11. Subject to and contingent upon the passing of Resolution 10 by members of the Company, to approve the continued appointment of Mr Tan Boen Eng as an independent Director, with the Directors and their respective associates (as defined in the Listing Manual) abstaining from voting, such approval to remain in force until the retirement or resignation of Mr Tan Boen Eng as a Director or the conclusion of the third annual general meeting of the Company following the passing of this Resolution, whichever is the earlier.  
[see Explanatory Note (ii)]

*Mr Tan Boen Eng will, upon continued appointment as an independent Director, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual.*

## Resolution 12

12. To approve the payment of Directors' fees of \$180,000 (2019: \$180,000) for the financial year ended 31 December 2020.

## Resolution 13

13. To re-appoint Nexia TS Public Accounting Corporation as the Company's Independent Auditor and to authorise the Directors to fix their remuneration.
14. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## AS SPECIAL BUSINESS

### Resolution 14

15. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

- (A) (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:-
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (ii) any subsequent bonus issue, consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (iii)]

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Resolution 15

16. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares pursuant to the OKP Performance Share Scheme

That the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the OKP Performance Share Scheme (the "**Scheme**") and to deliver from time to time such number of fully-paid shares, by transferring existing shares held as treasury shares and/or allotting and issuing new shares, as may be required to be delivered pursuant to the vesting of the awards under the Scheme, provided that the aggregate number of shares delivered under the Scheme, when added to the number of shares delivered and/or to be delivered in respect of all awards granted under the Scheme and all other shares delivered and/or to be delivered under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."

[see Explanatory Note (iv)]

## Resolution 16

17. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(c) in this Resolution:

**"Prescribed Limit"** means 10% of the total number of issued Shares (excluding any treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings);

**"Relevant Period"** means the period commencing from the date of the passing of this Resolution and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;

**"Maximum Price"** in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price,

where:

**"Average Closing Price"** is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day on which the Market Purchase is made;

**"Highest Last Dealt Price"** means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

**"day of the making of the offer"** means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**"Market Day"** means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[see Explanatory Note (v)]

BY ORDER OF THE BOARD

VINCENT LIM  
Company Secretary  
Singapore  
1 April 2021

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES:-

- (i) Detailed information on Mr Or Toh Wat, Mdm Ang Beng Tin and Mr Nirumalan s/o V Kanapathi Pillai who are proposed to be re-elected as Directors of the Company can be found under the sections, "Our Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election or Continued Appointment" of the Company's Annual Report.
- (ii) Rule 210(5)(d)(iii) of the Listing Manual, which takes effect from 1 January 2022, provides that a director who has been a director for an aggregate period of more than nine years (whether before or after listing) will not be independent unless his continued appointment as an independent director has been approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding the directors and the chief executive officer of the company, and associates of such directors and chief executive officer. Such resolutions may remain in force until the earlier of (X) the retirement or resignation of the director, or (Y) the conclusion of the third annual general meeting of the company following the passing of the resolutions.

Mr Nirumalan s/o V Kanapathi Pillai, Dr Chen Seow Phun, John and Mr Tan Boen Eng have each served as independent Directors of the Company for more than nine years. Ordinary Resolutions 6 to 11 are proposed to seek approval by way of the two-tier voting process required under Rule 210(5)(d)(iii) of the Listing Manual for the Continued appointment of the aforesaid Directors as independent Directors.

Detailed information on Mr Nirumalan s/o V Kanapathi Pillai, Dr Chen Seow Phun, John and Mr Tan Boen Eng can be found under the sections, "Our Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election or Conditioned Appointment", of the Company's Annual Report.

- (iii) Ordinary Resolution 14, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time Ordinary Resolution 14 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time Ordinary Resolution 14 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and (b) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.
- (iv) Ordinary Resolution 15, if passed, will empower the Directors to grant awards under the OKP Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the aggregate number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (v) Ordinary Resolution 16, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Appendix.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTES:-

### General

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report 2020 will not be sent to members but will be made available to members upon request. The Annual Report 2020 will be published on the SGX website at [www.sgx.com](http://www.sgx.com) and on the Company's website at [www.okph.com](http://www.okph.com).
2. Alternative arrangements relating to participation in the AGM proceedings via electronic means, submission of questions in advance of the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out below.

### Participation in the AGM proceedings

3. Members who wish to observe and/or listen to the AGM proceedings must pre-register at <http://okp.listedcompany.com/agm.html> by **11.00 a.m. on 23 April 2021** to enable the Company to verify their status. Pre-registrations received after the deadline will not be processed.
4. Following the verification, authenticated members will receive an email by 11.00 a.m. on 25 April 2021. The email will contain instructions on how to access the live audio-visual webcast and the live audio-only stream of the AGM proceedings. Members who have registered by the deadline on 23 April 2021, but do not receive an email by 11.00 a.m. on 25 April 2021, should contact the Company via email at [agm2021@okph.com](mailto:agm2021@okph.com) and provide their full name and identification/registration number.
5. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (other than those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to observe and/or listen to the AGM proceedings or submit questions in advance of the AGM, should contact their respective relevant intermediaries as soon as possible in order to make the necessary arrangements for them to do so.

### Submission of questions in advance

6. Members will not be able to ask questions during the AGM proceedings. Members can submit questions relating to the resolutions to be tabled for approval at the AGM, so that they are received no later than **11.00 a.m. on 19 April 2021**, in the following manner:
  - (a) via the pre-registration website at <http://okp.listedcompany.com/agm.html>;
  - (b) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
  - (c) by electronic mail to the Company at [agm2021@okph.com](mailto:agm2021@okph.com).

If the questions are submitted by post or electronic mail, the member's full name and identification/registration number must be included for verification purposes, failing which the submission will be treated as invalid.

7. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM either before or at the AGM. Where the questions are addressed before the AGM, the Company will publish the responses to the questions on SGXNet and the Company's website.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Voting by proxy

8. Members (whether individual or corporate) who wish to exercise their voting rights at the AGM must appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM. The proxy form for the AGM is sent to members and also available on the SGX website at [www.sgx.com](http://www.sgx.com) and on the Company's website at [www.okph.com](http://www.okph.com).
9. Where members appoint the Chairman of the Meeting as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
10. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **15 April 2021**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 23 April 2021**.
11. The Chairman of the Meeting, as proxy, need not be a member of the Company.
12. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must complete and sign the proxy form, before submitting it:
  - (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
  - (b) by electronic mail to [agm2021@okph.com](mailto:agm2021@okph.com),

in either case, to be received not later than **11.00 a.m. on 23 April 2021**, failing which the proxy form will be treated as invalid.

## PERSONAL DATA PRIVACY:-

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

Mr Or Toh Wat, Mdm Ang Beng Tin, Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng are the Directors seeking re-election or continued appointment at the forthcoming annual general meeting of the Company to be convened and held on 26 April 2021.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST relating to the aforesaid Directors is set out below:

	Mr Or Toh Wat	Mdm Ang Beng Tin
Date of Appointment	15 February 2002	20 March 2002
Date of last re-appointment	26 April 2018	24 April 2017
Age	53	65
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee ("NC") and the qualifications, work experience and competencies of Mr Or, is of the view that Mr Or is suitable for re-appointment as Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mdm Ang, is of the view that Mdm Ang is suitable for re-appointment as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive  Responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.	Executive  Responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group Managing Director	Executive Director
Working experience and occupation(s) during the past 10 years	February 2002 to present: Group Managing Director of OKP Holdings Limited	March 2002 to present: Executive Director of OKP Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 322,000 shares of the Company	Direct interest in 323,500 shares
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries)	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 Or Oh Enc Nam (Executive Director) and Mr Or Yew Whatt (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) are the nephews of Mr Or Kim Peow; Mr Oh Kim Poy (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) is the brother of Mr Or Kim Peow	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 Or Oh Enc Nam (Executive Director) and Mr Or Yew Whatt (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) are the nephews of Mr Or Kim Peow; Mr Oh Kim Poy (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) is the brother of Mr Or Kim Peow

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Mr Or Toh Wat	Mdm Ang Beng Tin
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	<p>CS-OKP Construction and Development Pte. Ltd. (Struck off)</p> <p>Forte Builder Pte. Ltd. (Struck off)</p> <p>Chye Joo – Or Kim Peow Joint Venture Pte. Ltd. (Struck off)</p>	–
Present	<p>Or Kim Peow Contractors (Private) Limited</p> <p>L &amp; O Investments. Ltd.</p> <p>Or Kim Peow Investments Pte. Ltd.</p> <p>OKP Technical Management Pte. Ltd.</p> <p>OKP Investments (Singapore) Pte. Ltd.</p> <p>Oriental Times Holdings Pte. Ltd.</p> <p>United Pavement Specialists Pte. Ltd.</p> <p>OKP (Oil &amp; Gas) Infrastructure Pte. Ltd.</p> <p>Rock Nano Holdings Pte. Ltd.</p> <p>OKP Land Pte. Ltd.</p> <p>OKP Transport &amp; Trading Pte. Ltd.</p> <p>United Singapore Builders Pte. Ltd.</p> <p>Raffles Prestige Capital Pte. Ltd.</p> <p>USB Holdings Pte. Ltd</p> <p>USB (Phoenix) Pte. Ltd.</p>	<p>Or Kim Peow Investments Pte. Ltd.</p> <p>OKP Technical Management Pte. Ltd.</p> <p>OKP Investments (Singapore) Pte. Ltd.</p>



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Mr Or Toh Wat	Mdm Ang Beng Tin
<p><b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b></p>		
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Mr Or Toh Wat	Mdm Ang Beng Tin
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Mr Or Toh Wat	Mdm Ang Beng Tin
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
Date of Appointment	25 June 2002	1 June 2005	25 June 2002
Date of last re-appointment	27 April 2020	26 April 2018	29 April 2019
Age	67	68	88
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Dr Chen, is of the view that Dr Chen is suitable for continued appointment as an independent Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Niru, is of the view that Mr Niru is suitable for re-appointment as Director and continued appointment as an independent Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Tan, is of the view that Mr Tan is suitable for continued appointment as an independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees.	Chairman of the Remuneration Committee and member of the Nominating and Audit Committees.	Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	<b>Dr Chen Seow Phun, John</b>	<b>Mr Nirumalan S/O V Kanapathi Pillai</b>	<b>Mr Tan Boen Eng</b>
Working experience and occupation(s) during the past 10 years	<p>Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon Holdings Limited (previously known as Thai Village Holdings Limited) and the Chairman of SAC Capital Private Limited. He also sits on the boards of a number of publicly listed companies. He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, Dr Chen was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. He has served as a Board Member of the Economic Development Board, the Housing &amp; Development Board, the Port of Singapore Authority and Singapore Power Ltd. He is a Fellow of the Singapore Institute of Directors.</p>	<p>Mr Nirumalan s/o V Kanapathi Pillai (Niru Pillai) is the Managing Director of Niru &amp; Co LLC, a boutique-sized law firm established since 1978. Its strength lies in specialist litigation and dispute resolution work traversing insurance and reinsurance, shipping and aviation, international trade, energy, media, civil, family, commercial, corporate and arbitration. The firm has represented leading financial institutions and major international companies including Fortune 500 companies. It has a veritable practice in Kuala Lumpur, Suflan T H Liew &amp; Partners. In the late 1990s, Niru &amp; Co was in full association with CMS Cameron McKenna, a top-tier law firm with headquarters in London. Mr Niru has been in legal practice for more than 41 years. He qualified as a Barrister-at-law (England &amp; Wales) and was admitted to the Honorable Society of the Inner Temple in 1976. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1978 and was admitted as a barrister and solicitor of the Supreme Court of Victoria, Australia, in 1990.</p>	<p>Mr Tan Boen Eng has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and non-listed companies from various industries, including business consultancy, training and management consultancy.</p> <p>Mr Tan was the President of the Institute of Certified Public Accountants of Singapore from 1995 to April 2009. He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and is currently a Board Member of Singapore Institute of Accredited Tax Professionals. He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore, Director of Singapore Pools Pte Ltd and Board Member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a member of the Singapore Sports Council.</p>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
		Mr Niru holds a LLM from the University of Melbourne, Australia and a LLM (with Distinction) from the Nottingham Trent University, United Kingdom. He is also a Fellow of the Chartered Institute of Arbitrators, United Kingdom and the Singapore Institute of Arbitrators. Until 2006, he was also an Adjunct Associate Professor in the Faculty of Engineering, National University of Singapore.	Mr Tan holds a Bachelor of Arts in Economics (Honours) degree from the University of Malaya in Singapore. He is also a Fellow of the Institute of Singapore Chartered Accountants and CPA Australia. He received the Public Administration Medal (Silver) in 1975.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 38,000 shares of the Company	Nil	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	<p>Pattern Discovery Technologies Pte. Ltd. (struck off)</p> <p>SAC Asset Management Pte. Ltd. (struck off)</p> <p>Exeterstar Holdings Pte. Ltd.</p> <p>MHC Asia Group Pte. Ltd.</p> <p>National University Health System Pte. Ltd.</p>	–	Singapore Chartered Tax Professionals Limited

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
Present	Hiap Seng Engineering Ltd.  Hanwell Holdings Limited  Tat Seng Packaging Group Ltd  Fu Yu Corporation Limited  Matex International Limited  JCL Business Development Pte. Ltd.  Pavillon Holdings Ltd.  Hong Lai Huat Group Limited  SAC Capital Private Limited  SAC Advisors Private Limited  DATAESP Private Ltd. (to be struck off)  JLM Foundation Ltd.	Niru & Co LLC	
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT (CONT'D)

	Dr Chen Seow Phun, John	Mr Nirumalan S/O V Kanapathi Pillai	Mr Tan Boen Eng
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No



**IMPORTANT**

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report 2020 will not be sent to members but will be made available to members upon request. The Annual Report 2020 will be published on the SGX website at www.sgx.com and on the Company's website at www.okph.com.
2. Due to the current COVID-19 situation, a member will not be allowed to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **15 April 2021**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 23 April 2021**.

**OKP HOLDINGS LIMITED**  
(Company Registration No. 200201165G)  
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING**  
**PROXY FORM**

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Registration Number)

of \_\_\_\_\_ (Address)

being a member/members of OKP HOLDINGS LIMITED (the "Company") hereby appoint the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held by electronic means on Monday, 26 April 2021 at 11.00 a.m., and at any adjournment thereof. I/We direct the Chairman of the Meeting to vote for or against the resolutions to be proposed at the AGM or to abstain from voting, as indicated hereunder.

No.	Resolutions relating to:	For	Against	Abstain
1.	Audited financial statements for financial year ended 31 December 2020			
2.	Payment of final dividend			
3.	Re-election of Mr Or Toh Wat as a Director			
4.	Re-election of Mdm Ang Beng Tin as a Director			
5.	Re-election of Mr Nirumalan s/o V Kanapathi Pillai as a Director			
6.	Continued appointment of Mr Nirumalan s/o V Kanapathi Pillai as an independent Director by members			
7.	Continued appointment of Mr Nirumalan s/o V Kanapathi Pillai as an independent Director by members, excluding Directors and their associates			
8.	Continued appointment of Dr Chen Seow Phun, John as an independent Director by members			
9.	Continued appointment of Dr Chen Seow Phun, John as an independent Director by members, excluding Directors and their associates			
10.	Continued appointment of Mr Tan Boen Eng as an independent Director by members			
11.	Continued appointment of Mr Tan Boen Eng as an independent Director by members, excluding Directors and their associates			
12.	Approval of Directors' fees of \$180,000			
13.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor			
14.	Authority to allot and issue shares			
15.	Authority to allot and issue shares pursuant to the OKP Performance Share Scheme			
16.	Share purchase mandate			

(Please indicate with a cross [X] in the space provided whether you wish to cast all your votes for or against or to abstain from voting on the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution and/or to abstain from voting on the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

<b>Total number of shares held:</b>	
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\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal  
**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. Due to the current COVID-19 situation, a member will not be allowed to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **15 April 2021**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 23 April 2021**.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must complete and sign this proxy form, before submitting it:
  - (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
  - (b) by electronic mail to agm2021@okph.com,

in either case, to be received not later than **11.00 a.m. on 23 April 2021**.

5. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
6. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
7. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 April 2021.

# NOTES

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**OKP HOLDINGS LIMITED**

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**OKP HOLDINGS LIMITED**  
**胡金標控股有限公司**

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