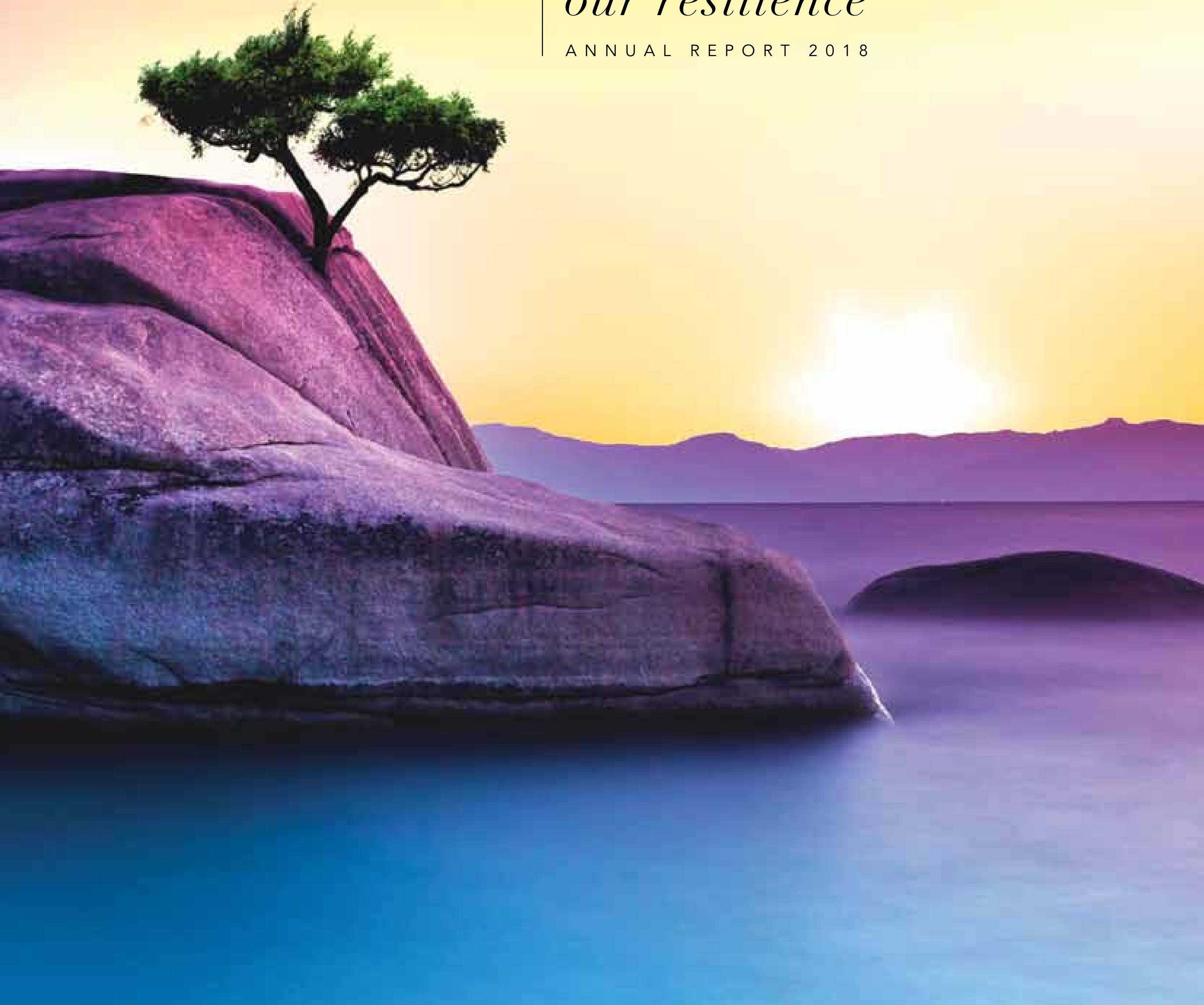
OVERCOMING
challenging times

BUILDING
our resilience

ANNUAL REPORT 2018



OKP HOLDINGS LIMITED
胡金標控股有限公司

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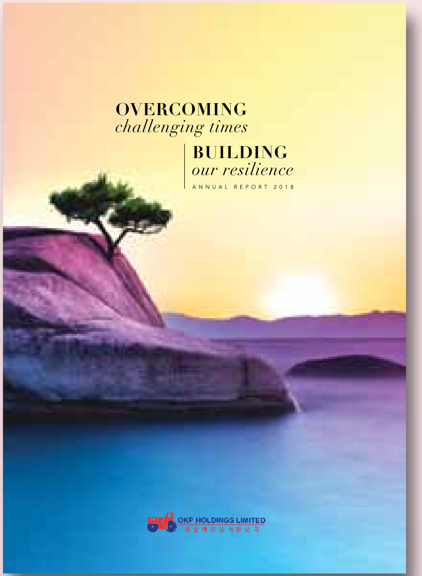
OUR THEME



For this year's annual report, we feature a solo bonsai-like plant growing out of a rock formation, which overlooks the sea with the sun emerging from a distant mountain range in the background.

This overall scenic landscape aptly captures OKP Holdings Limited's theme for this year's annual report – **Overcoming challenging times, Building our resilience**.

The rock represents our strong foundations as an infrastructure and civil engineering specialist since our humble beginnings as a sole-proprietor in 1966. Through the decades, we have built our key strengths such as our good track record, competent management team, proficient and skilled staff in civil engineering projects, and well-acknowledged expertise. We have remained grounded on our solid foundations through challenging as well as prosperous times.

We are aptly represented by the bonsai-like plant growing in a nutrient-deficient environment, thriving and growing amidst the challenges it faces. A bonsai is an evergreen plant that maintains its leaves all year round, testifying to its longevity and endurance. In the same way, our more than 50 years of business demonstrates our longevity and ability to weather the odds through the many years since we first started operations.

Indeed, OKP has overcome many obstacles to remain a respected and resilient 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 branched out into property development and investment.

Today, we are widely recognised as an infrastructure and civil engineering group, seeking to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. In the year ahead, we aim to consolidate our business further by focusing on our strengths and growing new capabilities, enhancing business partnerships and seeking fresh collaborations, as well as building our talent pool to ensure a brighter future for the company.

In the midst of economic turmoil, we are confident that we will be able to overcome any challenges that come our way and build a strong, sustainable and resilient company for many years to come. Like the sun rising at dawn to cast its bright light on the landscape, we believe that OKP will continue to rise towards a brighter future. Together as a team, we will spur each other to achieve our mission to be the first and preferred civil engineering contractor for the various industries here and overseas.

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 competences

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

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

Extending our presence in the oil and gas sector

To spread risk, we will actually grow our civil engineering expertise in the oil and gas sector in order to grow our earnings base, and to ensure that we do not become overly dependent on a single revenue source.

Diversifying earnings through property development and investment

As part of our long-term strategy, we seek to diversify our earnings through our property development and investment division.

OUR GUIDING PRINCIPLES

To our clients

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

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

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

To our shareholders

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

OUR CHAIRMAN'S STATEMENT

Dear Shareholders,

It has been a challenging time for the year under review, as the global economic outlook remains cloudy with current anti-globalisation and protectionist sentiments, trade wars and financial market instability. These economic turmoil plus political upheavals will continue to adversely affect business operations worldwide including those in Singapore.

According to the Ministry of Trade and Industry's statistics announced on 15 February 2019, the Singapore economy grew by 3.2 per cent in 2018, a decrease from the 3.9 per cent growth in 2017. The construction industry fared slightly better, dropping by only 3.4 per cent in 2018 compared to the 10.2 per cent decrease in the previous year. A fall in public sector construction works contributed to the drop, although private sector construction works grew marginally.

Despite the obstacles faced in the construction industry, OKP Holdings Limited (OKP) remains buoyant and confident that the Group can overcome these setbacks 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 our motivation in directing the company ahead as we seek to overcome challenging times and build our resilience as a company with a bright and sustainable future.

The Group is committed to executing its strategy, which is to focus on its core competencies, widening its presence in the oil and gas sector, exploring overseas business opportunities, and diversifying earnings through property development and other investments. We believe that this strategy will enable us to achieve continuous business growth and advance our competitiveness.

At OKP, we seek to maintain our leadership position in our core business of construction and maintenance in the public sector, while gradually developing our private sector business.

We have positioned ourselves as a forward-thinking and adaptable company by broadening our skillsets and expertise through forming joint ventures to develop properties and bid for complex projects. Our joint ventures to develop properties have borne much fruit. The Group and its joint venture partners continue to be involved in developing and acquiring property projects in Singapore and overseas. We have has completed two residential projects, Amber Skye and LakeLife in 2018. In addition, OKP and Lian Soon Holdings Pte Ltd had won the bid in February 2018 to acquire a land parcel at Chong Kuo Road, Singapore and launched a 84-unit condominium project named The Essence on this site in March 2019.

As part of our strategy to explore overseas business opportunities and diversify the Group's earnings, OKP, together with HSB Holdings Pte. Ltd., expanded its footprint overseas by acquiring its first overseas property, a freehold office complex in Perth, Australia in April 2018.

Since its founding, the company has grown considerably with its employee strength growing from 10 employees in 1967 to 409 in 2002 and 695 today.

In overcoming numerous challenges while undergoing the ups and downs of the business cycle, we have matured to become a stable and steadfast business in the transport infrastructure and civil engineering business 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. We will continue to drive ourselves forward in achieving this mission by gradually expanding our knowledge, abilities and outreach in order to move ahead of our competitors. Through the decades, OKP's reputation has increased due to its numerous advantages, which have strengthened its leadership position in the construction industry. These advantages include our solid track record, well-known expertise, proficient management team, and experienced and able workforce in civil and engineering projects.

The Group considers seriously 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 a positive impact on our stakeholders and the environment. We believe this is a strategic direction which leads to better management, greater efficiency and sound business performance. Since 2010, OKP has published a sustainability report and for the fourth year running, the Group is presenting a sustainability report based on the SGX Sustainability Reporting Guide and the Global Reporting Initative (GRI) Standards.

PERFORMANCE REVIEW

The past financial year was a challenging time for the Group as it continues to seek to build a more resilient company with a steadfast and sustainable future. It saw revenue of $90.4 million during the financial year ended 31 December 20187 (FY2018), which was a drop of 23.0 per cent compared to $117.5 million in the previous year (FY2017).

The decrease was attributed mainly to a 41.3 per cent decline in revenue from the construction segment to $46.0 million. However, this decrease was offset by a 3.9 per cent rise in revenue from the maintenance segment to $40.4 million, and a 1,609.7 per cent increase in rental income.

The main contributor to the Group's revenue continued to be the construction segment, which accounted for 50.9 per cent (2017: 66.7 per cent) of total revenue for the financial year. The maintenance segment accounted for 44.6 per cent (2017: 33.1 per cent) of OKP's overall revenue.

The increase in the maintenance segment's revenue was largely driven by the higher percentage of revenue recognised from a few major maintenance projects, which were in full swing in FY2018. In the case of the construction segment, the decline in revenue was mainly due to a lower percentage of revenue recognised from a few construction projects, which were reaching completion; a lower percentage of revenue recognised from a few newly-awarded construction projects; and no revenue from a construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project, during FY2018.

One bright spot is the increase in rental income from investment properties, which was attributed mainly to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia based on the current occupancy rate of approximately 68.0 per cent. Rental income accounted for 4.5 per cent (FY2017: 0.2 per cent) of our Group's revenue.

Gross profit decreased by 20.3 per cent to $17.4 million for FY2018 from $21.9 million a year ago. However, gross profit margin improved slightly to 19.2 per cent compared to 18.6 per cent for the previous year.The slight improvement in the gross profit margin was mainly due to the completion of a few maintenance projects, which had commanded better gross profit.

The lower revenue and gross profit, together with increased other losses of $2.3 million, plus a $2.6 million drop in contribution from the share of profit of associated companies and joint ventures, had an impact on the Group's FY2018 bottom-line. Other losses went up due to a $1.7 million increase in fair value loss from the revaluation of some investment properties, as well as a higher foreign exchange loss of $0.6 million. The joint ventures' lower share of profit was mainly due to a $1.8 million decrease in share of profit from Lakehomes Pte Ltd, the developer of LakeLife executive condominium; as there were only a few remaining units, which were handed over during FY2018.

On the other hand, other income increased by $1.1 million or 110.2 per cent to $2.1 million. This increase was largely due to a rise in government grants of $0.3 million, interest received from a loan to a joint venture of $0.5 million; a gain on disposal of property, plant and equipment of $0.1 million; plus an increase in interest income of $0.2 million due to higher interest earned from bank deposits. Correspondingly, basic earnings per share decreased by 49.0 per cent to 2.10 Singapore cents, from 4.12 Singapore cents achieved a year ago.

The Group's balance sheet remained sound. With a healthy cash position $69.2 million as at 31 December 2018, its net tangible assets was $121.8 million, up from $120.8 million a year ago. This was equivalent to net tangible assets per share of 39.5 Singapore cents, compared to 39.2 Singapore cents per share in the previous year.

In appreciation of the loyal support from OKP's shareholders, the Board

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

OUR CHAIRMAN'S STATEMENT

of Directors has proposed a total dividend of 1.0 Singapore cents per share, comprising a final dividend of 0.7 Singapore cent per share and a special dividend of 0.3 Singapore cent per share. The total dividend of 1.0 cents per share represent a dividend yield of 5.0 per cent and a dividend payout ratio of 47.6 per cent for FY2018, based on OKP's closing share price of 20 cents on 31 December 2018.

STAYING RESILIENT AND STRONGER

The Group's hard work and competent skillsets have been well acknowledged in the industry as the company has won many awards for its work through the years.

During the year under review, we continued to stay resilient and strong as a company by winning a total of six projects - four construction projects and two maintenance projects. A third maintenance project was clinched after 31 December 2018. The Group has completed two construction projects and four maintenance projects, which were handed over successfully to the clients. We continued the execution of eight ongoing construction projects and three maintenance projects, which had been secured since February 2015.

Currently, our net order book stays healthy at $265.8 million, with projects extending till 2023.

LOOKING OPTIMISTICALLY TOWARDS THE FUTURE

In the foreseeable future, the Singapore construction industry maintains an optimistic vibe with a steady pipeline of construction work.

The Building and Construction Authority (BCA) gave some positive estimates for the industry. It announced on 14 January 2019 that the value of construction contracts to be awarded in 2019 will range between $27.0 billion and $32.0 billion, comparable to the estimated $30.05 billion worth of contracts awarded in 2018.

About 60 per cent of the contracts will be driven by the public sector, due to an anticipated increase in demand from major infrastructure projects and a pipeline of major industrial building projects. Public sector construction demand is expected to grow to between $16.5 billion and $19.5 billion in 2019, slightly up compared to between $16.0 billion and $19.0 billion a year ago.

In the case of the private sector, construction demand is expected to remain strong at between $10.5 billion and $12.5 billion in 2019. The demand will come from the redevelopment of past en bloc sales sites completed before the second half of 2018, and new industrial developments.

Looking ahead over the medium term from 2020 to 2021, construction demand is projected to reach between $27.0 billion and $34.0 billion per year. This projected demand could increase to between $28.0 billion and $35.0 billion per year for 2022 and 2023. Public sector contribution from 2020 to 2023 is expected to be between $16.0 billion and $20.0 billion per year, with similar proportions of demand coming from both building projects and civil engineering works. These construction works will include public residential developments, big infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.

Taking into account the above encouraging projections, civil engineering construction demand is expected to remain upbeat beyond 2019. Indeed, this promising outlook enhances the prospects for infrastructure transport and civil engineering companies such as the Group.

Although the construction industry is very competitive, OKP is confident of winning more sustainable business as the Group is an experienced performer, especially for public sector projects. The BCA's projections of higher construction demand particularly from the public sector and for civil engineering works in 2019 is positive news for OKP. This is because the company has a good standing in the public sector, and will continue to do its best to win contracts from both the private and public sector in the coming year.

To stay ahead of the tough competition, the Group has been widening its expertise and strengthening its capabilities by undertaking new and related areas of business and extending its presence overseas. This includes exploring property developments locally and overseas.

According to the Urban Redevelopment Authority's 4th Quarter 2018 real estate statistics, which were announced on 25 January 2019, the property market showed some uptake in home prices. For 2018, the residential development market registered a rise in private home prices by 7.9 per cent, up from the 1.1 per cent increase in the previous year. After the property market cooling measures introduced in July 2018, the property segment's growth had dropped moderately, as private home prices went down by 0.1 per cent in the fourth quarter of 2018, as compared to the 0.5 per cent increase in the previous quarter.

In recent years, OKP has completed two property projects. The first project is at the 109-unit freehold Amber Skye at Amber Road, which was launched in September 2014, with remaining units handed over to buyers in FY2018. The second development is a 546-unit executive condominium, LakeLife at Yuan Ching Road/Tao Ching Road, which has sold all its

OKP is involved in Walk2Ride programme such as the covered linkway at Orchard to CK Tang building.

units and handed over to owners at end of last year.

Currently, the Group is involved in two new projects. Together with Lian Soon Holdings Pte Ltd, OKP has won the bid in February 2018 to acquire a land parcel at Kuo Ching Road for $43.9 million. The Group has launched a 84-unit condominium named The Essence on this 99-year leasehold site in March 2019. The second new development project was acquired through a successful tender by the Group's 25 per cent-owned associated company, USB Holdings Pte. Ltd. at 71-85 Phoenix Avenue, Phoenix Heights, Singapore. We have received the necessary regulatory approvals including the grant of a fresh 99-year lease and will focus on the smooth execution for the launch of this 79-unit residential project at Phoenix Heights in Bukit Panjang.

As part of our strategy to explore overseas business opportunities, diversify our earnings and build recurrent income, the company, together with HSB Holdings Pte. Ltd., 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. We feel optimistic about this overseas acquisition as market sentiments points to the Perth office market seeing significant net effective rental growth over the next few years.

This property at 6-8 Bennett Street in Perth has contributed significant rental income for the fourth quarter of FY2018 and we look forward to seeing continuing contribution of this asset to our income. Our plan is to look for strategic opportunities to strengthen our property development and investment portfolio in Singapore and regionally.

Of course, the Group's focus will continue to be on its core civil engineering business, where it has a decades-long track record and vast expertise as the preferred civil engineering contractor for various industries, locally and overseas. Nevertheless, we are also pragmatic and expect the operating environment in the construction industry to stay challenging. This is due to increasing business costs, a tough labour market, and shortage of experienced and skilled manpower, as a consequence of the prevailing government policies and legislation involving foreign workers' employment.

To tackle these issues, OKP has updated its operations and productivity via various measures. These include the adoption of advanced technologies and conducting training programmes.

We will continue 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 move into new markets and acquire new potential clients.

A NOTE OF THANKS

On behalf of the Board, I would like to say a big thank you for the unwavering and loyal support of our shareholders, clients, business associates and suppliers through the years. I would like to convey my profound gratitude to the management team for their excellent leadership, collaborative efforts and strong team work. As we look to the future,I am confident that I can depend on all of you to give your very best to make OKP resilient and stronger in order achieve a sustainable future.

I would also like to express my deepest appreciation to our Board of Directors for their wise counsel and invaluable contributions. All of you have given generously of your time, hard work and investments to make OKP what it is today – and I am indebted to all of you for this unstinting support.

I am confident that with all the collaborative efforts and dedication together as a team, we can build a resilient and better company and achieve our vision to be one of the leading infrastructure and civil engineering companies in Singapore and the region now and in the future.

OR KIM PEOW
Group Chairman

OUR GROUP MANAGING DIRECTOR'S REVIEW

"THE GROUP PRIORITISES GOOD TEAMWORK AND EFFICIENT COMMUNICATION TO ENABLE EVERYONE TO CARRY OUT OUR PROJECTS SMOOTHLY, THUS MAKING SURE THAT OKP DELIVERS TO ITS CLIENTS A SUPERIOR LEVEL OF SERVICE ON TIME, ON BUDGET AND TO THEIR SATISFACTION."

OR TOH WAT
Group Managing Director

The Singapore construction industry remains optimistic with a pipeline of projects coming on track. This is borne by the Building and Construction Authority (BCA)'s announcement on 11 January 2019 that the projected construction demand this year is expected to range between $27.0 billion and $32.0 billion, a rise from the $30 billion worth of contracts awarded in 2018.

This year, the public sector construction demand is expected to grow to between $16.5 billion and $19.5 billion, slightly up compared to between $16.0 billion and $19.0 billion a year ago, constituting about 60.0 per cent of total contracts. This is largely attributed to an anticipated increase in demand from major infrastructure projects and a pipeline of major industrial building projects.

In the case of the private sector, construction demand is expected to increase to between $10.5 billion and $12.5 billion, up from $10.0 billion and $12.0 billion in 2018. This demand will come from the redevelopment of past en bloc sales sites completed before the second half of 2018, and new industrial developments.

With our strong track record in public sector works and civil engineering projects, the Group looks forward to bidding for some of these infrastructure and civil engineering contracts. The encouraging construction industry outlook has certainly brightened the prospects for infrastructure and civil engineering companies such as OKP.

WINNING NEW PROJECTS

During the past year, the Group maintained its strong position in the public sector by winning four construction and two maintenance projects. Another maintenance project was clinched after 31 December 2018. The total amount of these seven projects was $175.3 million.

The four new construction projects comprised – improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway; 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; and construction of link sewers for the DTSS Phase 2 Project Schedule III Contract 1 (Jalan Buroh/Tanjong Kling Road).

The two new maintenance contracts comprised – improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas); and improvement to roadside drains V Contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive). The new maintenance project awarded after 31 December 2018 was for improvement to roadside drains and watermain replacement works under Estate Upgrading Programme Batch 9 - Contract 1 (Clover and Thomson Faber Island Gardens Estates).

Currently, our net order book remains healthy at $265.8 million, with projects extending till 2023.

EXECUTING AND PERFORMING WELL

The Group's business remains fundamentally sound as it seeks to overcome challenging times and be a strong and resilient company with a sustainable future.

However, the past financial year ended 31 December 2018 (FY2018) was a difficult time for OKP.Its revenue dropped by 23 per cent to $90.4 million compared to the previous year (FY2017). Although revenue from OKP's construction segment declined, it was offset by a rise in revenue from the maintenance segment, and a jump in rental income.

Amidst the competitive business environment, we are more determined than ever to maintain our leadership position in the infrastructure and civil engineering market in Singapore, while at the same time, explore other opportunities in property developments and investments to grow our business.

The Group is deeply appreciative of the hard work and dedication of its dependable and proficient staff, who has been supporting OKP in executing its projects to their successful completion. All our key functions are well-manned by experienced employees, who are knowledgeable in the required procedures and operational processes. They are also able to interact effectively with other colleagues internally; and with clients, suppliers and business associates externally. Over the course of the year, we encountered our fair share of operational obstacles, but we have faced them squarely in a responsible and professional way. As common with all service-oriented businesses, manpower and talent continued to be major issues for the company. We have made it a priority to orientate our new staff, nurture our people and offer sponsorships and scholarships to tap potential recruits. Thus far, we have been able to manage our resources well.

We are fully aware that attracting and keeping talent, and developing potential in present and future employees, will always remain at the top of our agenda. It is only when we have a qualified and experienced team in place that we will be able to deliver our projects to the high level of service quality that our clients have come to expect of OKP. The need continues to be most severe in the ranks of middle management levels such as supervisors and foremen. Our forward-looking human resources policy and our commitment to develop potential talent have enabled us to retain most of our key staff.

As an employer of 695 workers, workplace safety is one of the key aspects of our operations. We are committed to providing OKP's workforce with a safe accident-free working environment and ensuring that they go home safe and sound after work. Of course, this commitment is also extended to our contractors, subcontractors and others who come to work at our worksites. Developing and cultivating a culture of safety and good environmental awareness within the company is a key factor in the planning and operation of our business. This involves training our employees, organising drills and taking all necessary steps to ensure a safe and risk-free working environment. If we do fall short of our safety standards, we make sure that all precautions are being taken to enforce stricter measures and safety is not compromised.

As a leading home-grown transport infrastructure and civil engineering company in the region, the Group has two core business segments – construction and maintenance. Our business strategy remains in focusing on our core competencies, widening our presence in the oil and gas sector, exploring overseas business opportunities, and diversifying earnings through property developments and other investments. The Group has another business segment – rental income from investment properties. We have extended our capabilities by forming joint ventures to develop properties and bid for complex projects. In recent times, OKP has completed two property projects. These are Amber Skye, a condominium at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/Tao Ching Road, in Singapore.


OKP is involved in improvement to Sungei Tampines (Tampines Ave 7 to Tampines Expressway.

However, the Group is also not afraid to make hard business decisions. We have decided not to renew our licence to operate a representative foreign construction business which we obtained in Jakarta, Indonesia in 2015 as the construction business environment was not conducive.

CONSTRUCTION: STRENGTHENING OUR POSITION IN PUBLIC SECTOR WORKS

The construction segment contributed $46.0 million to OKP's total revenue during the year under review. It continues to be the main contributor to the Group's revenue, accounting for 50.9 per cent (2017: 66.9 per cent).

In 2018, there were three completed construction projects, which had been secured since June 2014 and completed by February 2018. The two completed projects were the construction of Stamford Diversion Canal Contract 1 - Tanglin and Kim Seng, promised infrastructure works at Punggol (Phase 1) and advance works for Bulim Infrastructure Works.

Currently, OKP is busy with eight ongoing construction projects. The eight ongoing construction projects 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; construction of road and drains at North Coast Avenue; trunk sewer at Admiralty Road West and North Coast

OUR GROUP MANAGING DIRECTOR'S REVIEW

Avenue and junction improvement at Attap Valley Road; construction of link sewers for the DTSS Phase 2 Project Schedule III Contract 1 (Jalan Buroh/ Tanjong Kling Road); and proposed sewers in Lim Chu Kang Area - Contract 2.

MAINTENANCE: EXPANDING OUR SOURCE OF RECURRENT INCOME

Maintenance contracts provide the "bread-and-butter" of the Group's business, ensuring a continuous and steady stream of recurrent income. These contracts are generally lower in value than construction projects and are executed over a longer time period but they play a crucial role as part of our core business. They are also a vital part of the services that we provide to our clients. Over the decades, OKP has established a good reputation in this area of work with many repeat clients.

OKP is involved in constructing proposed sewers in Lim Chu Kang area – Contract 2.

The maintenance segment did well in FY2018, contributing $40.4 million or 44.6 per cent (2017: 33.1 per cent) of OKP's overall revenue. This was an increase of 3.9 per cent rise in revenue compared to a year ago. The increase in revenue contribution from the Group's maintenance segment helped to offset a fall in revenue contribution from the construction segment.

In 2018, we completed four maintenance projects during the year under review. The four projects involved – improvement to roadside drains V Contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh Areas); road resurfacing works along PIE, AYE and other expressways; planned road resurfacing works along ECP, SLE, BKE, CTE and KPE; and improvement to roadside drains V Contract C2 (Lorong 22 to 44 Geylang Areas).

We won two new maintenance contracts in FY2018 and one contract, which was awarded after 31 December 2018 from public sector agencies. The two new maintenance projects comprised – improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate Areas); and improvement to roadside drains V Contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive).

The new maintenance project awarded after 31 December 2018 was for improvement to roadside drains and watermain replacement works under Estate Upgrading Programme Batch 9 - Contract 1 (Clover and Thomson Faber Island Gardens Estates).

Currently, the Group is working on three 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); and improvement to roadside drains and watermain replacement works under Estate Upgrading Programme Batch 9 - Contract 1 (Clover and Thomson Faber Island Gardens Estates).

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 ability to motivate staff to put in their very best efforts. The Group prioritises good teamwork and efficient communication to enable everyone to carry out our projects smoothly, thus making sure that OKP delivers to its clients a superior level of service on time, on budget and to their satisfaction.

Our long track record in human resources management and project execution have enabled us to address any issues which we have encountered and to consolidate our operation and business as a whole.

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

RENTAL INCOME FROM INVESTMENT PROPERTIES: ANOTHER SOURCE OF RECUREENT INCOME

Rental income from investment properties has contributed to OKP's overall revenue. For FY2018, rental income increased by 1,609.7 per cent to $4,035 million compared to $0.2 million a year ago.

As part of our strategy to look into overseas business opportunities,

OKP is co-developing a 79-unit residential project at Phoenix Heights at Bukit Panjang in Singapore.

OKP is involved in improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estates areas.

diversify our earnings and create recurrent income, the Group, together with HSB Holdings Pte. Ltd., expanded overseas by acquiring its first overseas property in April 2018. This is a freehold office complex at 6-8 Bennett Street in East Perth, Australia, which has helped OKP to build its rental income. Located 900 metres west of the Central Business District of Perth, 6-8 Bennett Street comprises a four-storey building, a 'Grade A' nine-storey building and a multi-storey car park. This modern property is close to 68.0 per cent occupied by a mix of government and corporate tenants.

PROPERTY DEVELOPMENTS AND INVESTMENTS: DIVERSIFYING OUR EARNINGS

Our approach in property development is to keep a watchful eye on potential good investments in Singapore and overseas. Currently, the Group is involved in two new projects in Singapore.The first development project was secured through a tender by OKP jointly with Lian Soon Holdings Pte Ltd for a land parcel at Chong Kuo Road, Singapore in February 2018. In March 2019, we launched the 84-unit condominium named The Essence. The second new development project was acquired through a successful tender by the Group's associated company, USB Holdings Pte. Ltd. at 71-85 Phoenix Avenue, Phoenix Heights, Singapore. Necessary regulatory approvals including the grant of a fresh 99-year lease, have been received; and we will focus on the smooth execution for the launch of this 79-unit residential project at Phoenix Heights in Bukit Panjang. The results of these property development will be accounted for in the Groups consolidated financial statement using the equity method.

We are confident that this has been a wise investment and will help us to expand our business overseas. We will continue to look for strategic opportunities to build our property development and investment portfolio in Singapore and regionally.

EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group's gross profit dropped by 20.3 per cent to $17.4 million for FY2018 from $21.9 million a year ago. However, gross profit margin increased marginally to 19.2 per cent compared to 18.6 per cent for the previous year. The slight improvement in the gross profit margin was mainly due to the completion of a few maintenance projects, which had commanded better gross profit.

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 crucial factor to ensuring that projects are completed on time and within budget, and the Group remains committed to a high level of operational efficiency. We are confident that this will assist us in making our business more resilient and stronger now and in the years to come.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my deepest appreciation and heartfelt thanks to my management team and all staff for their hard work, strong commitment and excellent teamwork. As we work conscientiously and professionally together as a company, I feel confident that we will face a sunnier future as we seek to achieve our mission to be the first and preferred civil engineering contractor for the various industries in Singapore and beyond.

OR TOH WAT
Group Managing Director

OUR FUTURE OUTLOOK

OKP completed the improvement to Alexandra Canal (between Zion Road and Kim Seng Road.)

OKP co-developed LakeLife, a private condominium at Yuan Ching Road/Tao Ching Road in Singapore, which has been completed.

ECONOMIC OUTLOOK

In 2018, the Singapore economy recorded a growth of 3.2 per cent, a drop from the 3.9 per cent growth in 2017, according to the Ministry of Trade and Industry's (MTI) announcement on 15 February 2019.

The global economy stays uncertain with rising political and economic headwinds still prevailing. Increasing signs of anti-globalisation and protectionist fervour, trade wars, financial market volatility and political turmoil are expected to adversely impact global trade. Such factors are expected to affect the Singapore economy with MTI's growth forecast to be between 1.5 and 3.5 per cent for 2019.

INDUSTRY OUTLOOK

Amidst the unstable global economic climate, the Singapore construction industry maintains a positive tone with potential for more sustainable work.

According to MTI, the construction sector was resilient and fared well, dipping by only 3.4 per cent in 2018 compared to the 10.2 per cent decrease in the previous year. This was mainly because of a decline in public sector construction works, although the private sector construction works improved marginally. In MTI's view, the positive vibe is because the construction sector is expected to see a turnaround after three consecutive years of shrinkage. This is due to an increase in contracts awarded since the second half of 2017, which should translate into steady construction activities in the months ahead.

The Building and Construction Authority (BCA) also provided encouraging estimates for the industry. Its projections announced on 14 January 2019, stated that the value of construction contracts to be awarded in 2019 will range between $27.0 billion and $32.0 billion, comparable to the estimated $30 billion awarded in 2018.

The brighter construction outlook is due to sustained public sector construction demand of between $16.5 billion and $19.5 billion in 2019, compared to between $16.0 billion and $19.0 billion a year ago. The public sector demand which will contribute about 60 per cent of the total projected demand, is expected to be lifted by major infrastructure projects and a pipeline of major industrial building projects.

In the case of the private sector, construction demand is expected to remain firm at between $10.5 billion and $12.5 billion in 2019. The potential projects will come from the redevelopment of past en bloc sales sites concluded prior to the second half of 2018 and new industrial developments. These positive projections are encouraging signs for the construction industry.

Looking ahead over the medium term from 2020 to 2021, BCA envisages a steady increase in construction demand, projecting demand to attain between $27.0 billion and $34.0 billion per year. This estimated demand could rise to between $28.0 billion and $35.0 billion per year for 2022 and 2023. Thus, from 2020 to 2023, the public sector's contribution is expected to be between $16.0 billion and $20.0 billion per year, with similar proportions of demand from building projects and civil engineering works. These construction activities include public residential developments, big infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5. Private sector construction demand is also expected to rise gradually in the medium term, enhanced by further growth in the other economic sectors.

In view of the above, civil engineering construction demand is expected to remain buoyant beyond 2019. This promising outlook brightens the prospects for infrastructure and civil engineering companies such as OKP.

However, the reality is that the construction industry continues to face numerous difficulties such as increasing business costs, a tight labour market, and inadequate experienced and skilled manpower. This is mainly attributed to the prevailing government policies and legislation involving foreign worker recruitment.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2018 real estate statistics, which were announced on 25 January 2019, showed some pick-up in home prices. The residential development market saw a rise in private home prices by 7.9 per cent for the whole of 2018, up from the 1.1 per cent increase in 2017. After the property market cooling measures introduced in July 2018, the property segment's growth had dipped moderately, as private home prices decreased by 0.1 per cent in the fourth quarter of 2018, as compared to the 0.5 per cent increase in the previous quarter.

COMPANY OUTLOOK

Amidst all these challenges in the economic front and the construction and property industries, the Group remains resilient and strong as it has overcome many challenges during its business cycle in the past to become one of the leading transport infrastructure and civil engineering companies in Singapore. Indeed, the Group's business remains fundamentally sound. We remain focused on achieving our business goals, which are attainable due to our key strengths such as well-regarded expertise, vast experience and an effective management team.

In our core construction and maintenance business, the OKP stays cautiously optimistic of near-term prospects, having successfully clinched several new public sector contracts in 2018. The Group continues to be supported by a strong pipeline of projects targeted for completion up to 2023. As at 31 December 2018, our net construction order book stood at $265.8 million, with projects extending till 2023.

Moreover, OKP has been expanding its capabilities by venturing into joint ventures for property developments and bidding of future complex projects. For property developments, the Group is on track with visible progress in its two new residential developments at Chong Kuo Road and Phoenix Heights, both in Singapore.

As part of its ongoing efforts to diversify earnings and build recurrent income, the Group has also extended its footprint overseas by acquiring our first overseas property, a freehold office complex in Perth, Australia in April 2018. According to the Property Council of Australia's July 2018 Property Council Office Market Report released in August 2018, Perth has passed peak vacancy, dropping from 19.8 per cent to 19.4 per cent in the six months to July 2018. Market sentiments indicate that the office market there is expected to benefit from significant net effective rental growth over the next few years.

As the Group steps ahead to secure sustainable growth, we will continue to remain strong and resilient as a company so as to achieve a stable and promising future in the years ahead.

The expansion of the CTE/TPE/SLE interchange is one of OKP's completed projects.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
For The Year					
Revenue - Construction	**46,051**	78,448	90,492	77,572	71,113
Revenue - Maintenance	**40,363**	38,846	20,607	25,718	38,363
Revenue - Rental income	**4,035**	236	NA	NA	NA
Total revenue	**90,449**	117,530	111,099	103,290	109,476
Revenue - Construction (% of total revenue)	**50.9%**	66.7%	81.5%	75.1%	65.0%
Revenue - Maintenance (% of total revenue)	**44.6%**	33.1%	18.5%	24.9%	35.0%
Revenue - Rental income (% of total revenue)	**4.5%**	0.2%	NA	NA	NA
Gross profit	**17,391**	21,860	21,919	13,768	8,760
Gross profit (%)	**19.2%**	18.6%	19.7%	13.3%	8.0%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	**10,390**	17,874	19,476	10,826	5,240
EBITDA margin (%)	**11.5%**	15.2%	17.5%	10.5%	4.8%
Finance cost (i.e. bank borrowings & finance lease liabilities)	**858**	76	72	62	54
Profit before income tax	**6,571**	14,986	16,507	7,606	2,200
Profit before income tax (%)	**7.3%**	12.8%	14.9%	7.4%	2.0%
Net profit	**5,646**	12,716	14,338	7,004	2,539
Net profit (%)	**6.2%**	10.8%	12.9%	6.8%	2.3%
Profit after income tax and non-controlling interests (PATMI)	**6,488**	12,716	14,338	7,005	2,541
PATMI Margin (%)	**7.2%**	10.8%	12.9%	6.8%	2.3%

	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
At Year End					
Current assets	**96,448**	112,063	106,389	83,381	74,076
Total assets	**186,638**	166,325	164,217	137,768	132,581
Current liabilities	**27,635**	41,309	46,813	30,813	32,202
Total liabilities	**63,041**	43,814	49,793	33,081	34,276
Total debt (ie bank borrowings & finance lease)	**27,492**	2,481	3,148	2,587	2,235
Shareholders' equity	**124,462**	122,512	114,424	104,687	98,255
Total equity	**123,597**	122,512	114,424	104,687	98,305
Operating cashflow	**(2,504)**	17,492	28,265	20,254	(1,115)
Cash and cash equivalents	**74,275**	86,107	74,685	54,689	34,009
Net tangible assets	**121,808**	120,774	112,711	102,916	96,427
Net order book	**265,828**	267,990	329,859	344,873	296,837
Number of shares	**308,431**	308,431	308,431	308,431	308,431
Adjusted weighted average number of ordinary shares					
- Basic	**308,431**	308,431	308,431	308,431	308,431
- Fully diluted	**308,431**	308,431	308,431	308,431	308,431
Share price at year end (cents)	**20.00**	34.00	29.00	22.00	25.50
Market capitalisation as at 31 December	**61,686**	104,866	89,445	67,855	78,650
Capital expenditure	**4,099**	3,461	4,092	2,879	2,360

	2018	2017	2016	2015	2014
Financial Ratios					
Profitability					
Revenue growth (%)	**(23.0%)**	5.8%	7.6%	(5.7%)	2.3%
PATMI growth (%)	**(49.0%)**	(11.3%)	104.7%	175.7%	(47.2%)
Return on assets (%) (PATMI/Total assets)	**3.5%**	7.6%	8.7%	5.1%	1.9%
Return on equity (%) (PATMI/Ave shareholders equity)	**5.3%**	10.7%	13.1%	6.9%	2.6%
Liquidity					
Current ratio (times)	**3.5**	2.7	2.3	2.7	2.3
Cash as per share (cents)	**24.1**	27.9	24.2	17.7	11.0
Net tangible assets per share (cents)	**39.5**	39.2	36.5	33.4	31.3
Leverage					
Total debt to equity ratio (times) (Total debt/Total equity)	**0.2**	<0.1	<0.1	<0.1	<0.1
Interest cover (times) (EBITDA/Finance cost)	**12.1**	235.2	270.5	174.6	97.0
Investors' Ratio					
Earnings per share (cents)					
- Basic	**2.1**	4.1	4.7	2.3	0.8
- Fully diluted	**2.1**	4.1	4.7	2.3	0.8
Gross dividend per share (cents) - ordinary	**0.7**	0.7	1.2	0.8	0.1
Gross dividend per share (cents) - special	**0.3**	1.3	0.8	0.3	0.0
Total gross dividend per share (cents) (DPS)	**1.0**	2.0	2.0	1.1	0.1
Gross dividend yield (%) based on year end share price	**5.0%**	5.9%	6.9%	5.0%	0.4%
Gross dividend payout (%) (DPS/Basic EPS)	**47.6%**	48.8%	42.6%	47.8%	12.5%
Productivity					
Number of employees	**695**	779	808	814	841
Revenue/employee ($'000)	**130.1**	150.9	137.5	126.9	130.2

OKP is involved in Walk2Ride programme such as the high covered linkway at Anchorvale Link.

OKP won a new contract for improvement to roadside drains V Contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive) in 2018.

FOCUSING *on strengths*
GROWING *new capabilities*

To stay ahead as a steadfast and sustainable business, we focus on our strengths in transport infrastructure and civil engineering while growing new capabilities in other areas at the same time.

OUR CORPORATE PROFILE

OKP Holdings Limited (OKP) and its subsidiary corporations are a leading infrastructure and civil engineering group in Singapore. We 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.

We also undertakes maintenance works for roads and road-related facilities as well as building construction-related works. Over the past years, we have extended our core business to include property development and investment.

Started by Founder and Chairman, Mr Or Kim Peow, in 1966 as a sole-proprietorship, wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd celebrated 50 years in business in 2016. Since then, OKP has grown in competencies and experience to become a leading infrastructure and civil engineering group today with two core business divisions – Construction and Maintenance. We tender for both public and private civil engineering and infrastructure projects as well as maintenance contracts.

Our various 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

Our key strategy is to establish solid foundations in our core competencies and at the same time, boost our presence in other revenue-generating sectors, thus ensuring a sustainable future. Our capabilities and status 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 allows them to tender for public sector construction projects of unlimited value.

Taking a long-term view, we made several strategic moves to build up our proficiencies and enhance our track record in the competitive environment by investing in several

joint ventures. In 2014, OKP invested in an associated company, United Singapore Builders Pte. Ltd., with four other established construction companies with the aim oof participating in complex project tenders and undertaking these projects if successful in tenders.

We also constantly seek new opportunities to build on our property development and investment portfolio, through joint ventures as well as on our own. In February 2018, we won a tender jointly with Lian Soon Holdings Pte. Ltd. for the acquisition of a land parcel at Chong Kuo Road in Singapore. There are plans to develop this land parcel into a residential condominium of 84 units.

Another winning tender was the acquisition of 71-85 Phoenix Avenue, Phoenix Heights, Singapore in August 2018 with plans to redevelop the property.

In February 2018, we acquired our first overseas property, a freehold modern office complex at 6-8 Bennett Street, East Perth in Australia jointly with HSB Holdings Pte. Ltd..

Our past property development projects include a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road in Singapore and a luxury condominium, Aber Skye, at Amber Road.

Another of our business goals is to contine to extend our presence in the oil and gas industry after entering the sector in 2000. When we won a project related to the $750.0 million Universal Terminal, a massive petroleum storage facility on Jurong Island, Singapore's oil refining and petrochemical hub. Since then, we have won various other projects including civil works relating to ExxonMobil's multi-billion dollar petrochemical project, known as the Second Petrochemical Complex, as well as land reclamation works on Jurong Island.

Through the years, we have won various awards for our reports, corporate governance, safety and environment efforts and investor relations. 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. We have also received "Singapore 1000 Company" Certificates of Achievement from DP Information Group for many years.

Listed on the Singapore Exchange since 26 July 2002, OKP's market capitalisation was $61.7 million (2017: $104.9 million) while net tangible assets amounted to $121.8 million (2017: $120.8 million) as at 31 December 2018.

OUR MILESTONES

2018 · 2017 · 2016

2018

- 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.

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

- 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, Phoenix Heights 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.

OKP co-developed Amber Skye, a private condominium at Amber Road, which has been completed.

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.

2015 · 2014 · 2013

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 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.

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 MILESTONES

2012 · 2011 · 2010

2012

- 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.

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.

2010

- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd, a wholly-owned subsidiary corporation of property developer Soilbuild Construction Group Ltd, a well-respected property developer in Singapore. New joint venture company, Forte Builder Pte. Ltd., secured a $83.5 million contract from Angullia Development Pte. Ltd. to undertake the construction of a luxury Angullia Park condominium in Orchard Road.

- 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-performing companies with sales under US$1 billion, evaluated based on sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year.

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

- Or Kim Peow Contractors (Pte) Ltd purchased the property at 2A Sungei Kadut Drive Singapore 729554 for $3.55 million to provide for future expansion plans of the company.

2009

2009

- 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.
- Allotted and issued 15 million new ordinary shares at the price of $0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary corporation of China Sonangol International Limited.
- 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.
- Secured our maiden contract from the Urban Redevelopment Authority – a $3.4 million deal for environmental improvement works.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2009.
- 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 public sector construction projects with contract values of up to $85.0 million each.
- Wholly-owned subsidiary corporation OKP Technical Management Pte. Ltd. entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd. to further grow the business overseas.
- Distributed 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 by entitled shareholders. Each warrant was issued at a consideration of 1.0 cent, with an exercise price of 20.0 cents and an exercise period of three years.
- OKP Holdings Limited acquired the property at 30 Tagore Lane Singapore 787484 for $2.05 million to provide for future expansion plans of the company.

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.

OUR MILESTONES

2008

2002 – 2008

- Listed on Sesdaq 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
- Won many awards including:
  - Silver for Best Investor Relations Award – Small Market Capitalisation category, at the Singapore Corporate Awards 2008
  - Contractor of the Month Award for October and November 2007 and for July 2006 from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd
  - Best Annual Report Award (Gold) for Sesdaq company at the inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure
  - Winner of Housing & Development Board Safety Awards 2006 for the construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6) by wholly-owned subsidiary Eng Lam Contractors Co. (Pte) Ltd
  - 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 Association (Singapore), Singapore Institute of Management, Singapore Institute of Directors, Singapore Exchange Limited and The Business Times in 2004.
- 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.

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).

2002

- Several firsts including:
  - 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 by:
  - Incorporating a wholly-owned subsidiary corporation, OKP Investments (China) Pte Ltd, to handle construction-related business in China in 2003
  - Entering 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
  - Incorporating 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
  - Incorporating 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 construction-related high-rise building project called Dunman View condominium.

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

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.

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

2007
Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies - 2007" 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.

Our Group Managing Director, Mr Or Toh Wat (centre) receiving the Most Transparent Company Award 2014 (Runner-up) in the Constructions & Materials category from Mrs Lim Hwee Hua, Honorary Chairman of Securities Investors Association (Singapore) (SIAS) at the SIAS 15th Investors' Choice Awards 2014.

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.

2008
OKP was the Silver Winner for Best

Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008.

2006
Won Best Annual Report Award (Gold) for Sesdaq company at the Inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure.

2004
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.

SAFETY/ENVIRONMENT

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 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

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

(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.

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 man-hours)" 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.

Safety Recognition Award from Changi Aiport Group.

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 man-hours)" 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.

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 man-hours)" 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

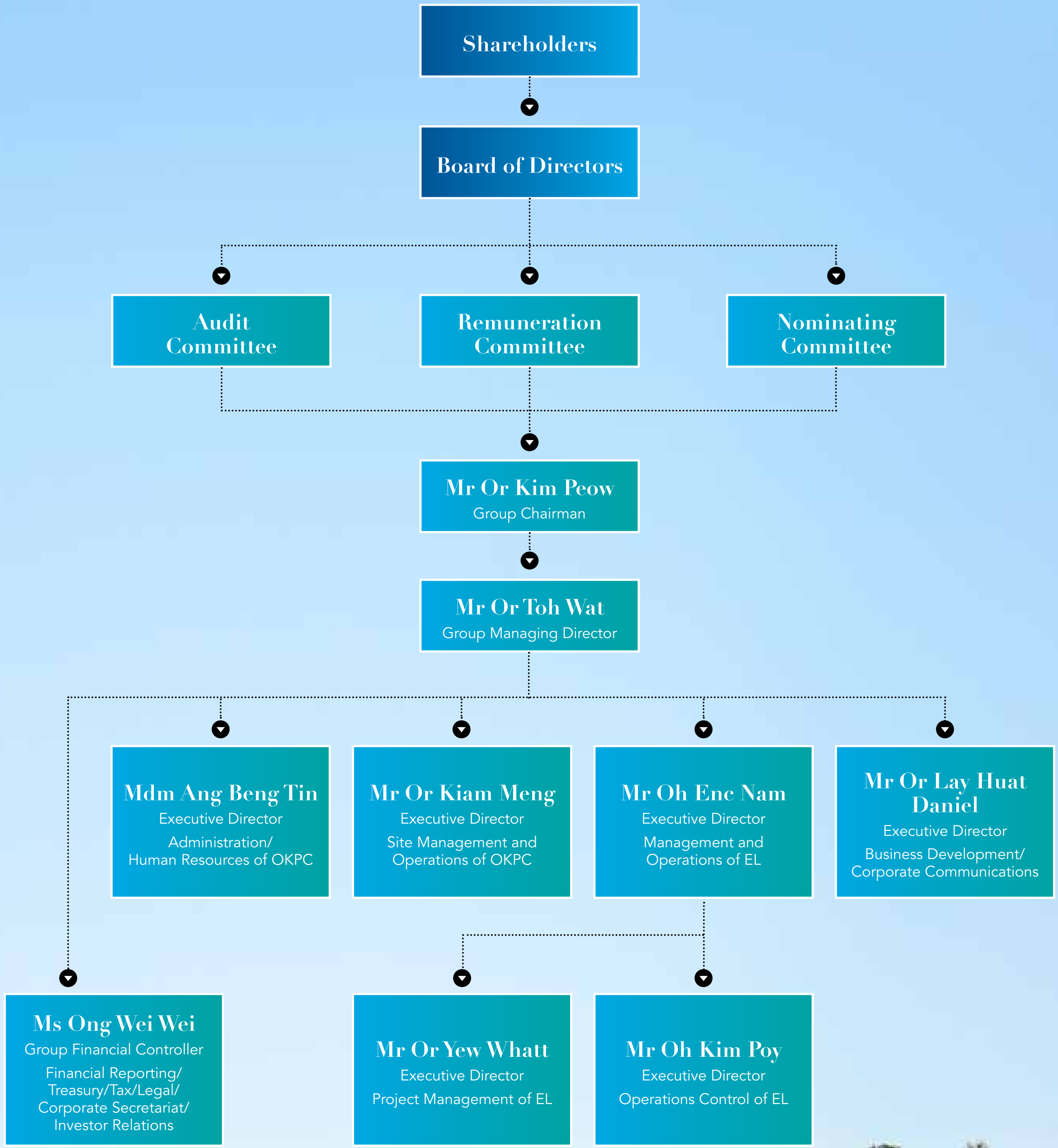
Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2009 in recognition of its support and contribution to Total Defence.

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.

NS Advocate Award at Total Defence Award 2016.

OUR ORGANISATION CHART



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

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
24 April 2017

Mr Or Kim Peow, BBM, is the founder of the Group. With more than 59 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 52 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.

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, BBM, has more than 27 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 from the Royal Melbourne Institute of Technology.

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**

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 44 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
24 April 2017

Joining the Group in 1985, Mr Or Kiam Meng has more than 33 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
18 April 2016

Joining the Group in 1978, Mr Oh Enc Nam has more than 39 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.

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
18 April 2016

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

Mr Or holds a Bachelor of Commerce 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 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
24 April 2017

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 39 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
18 April 2016

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) 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: **TEE International Limited**

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 in1989. 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 resolving of site issues and is involved in the project tender process. He has more than 28 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

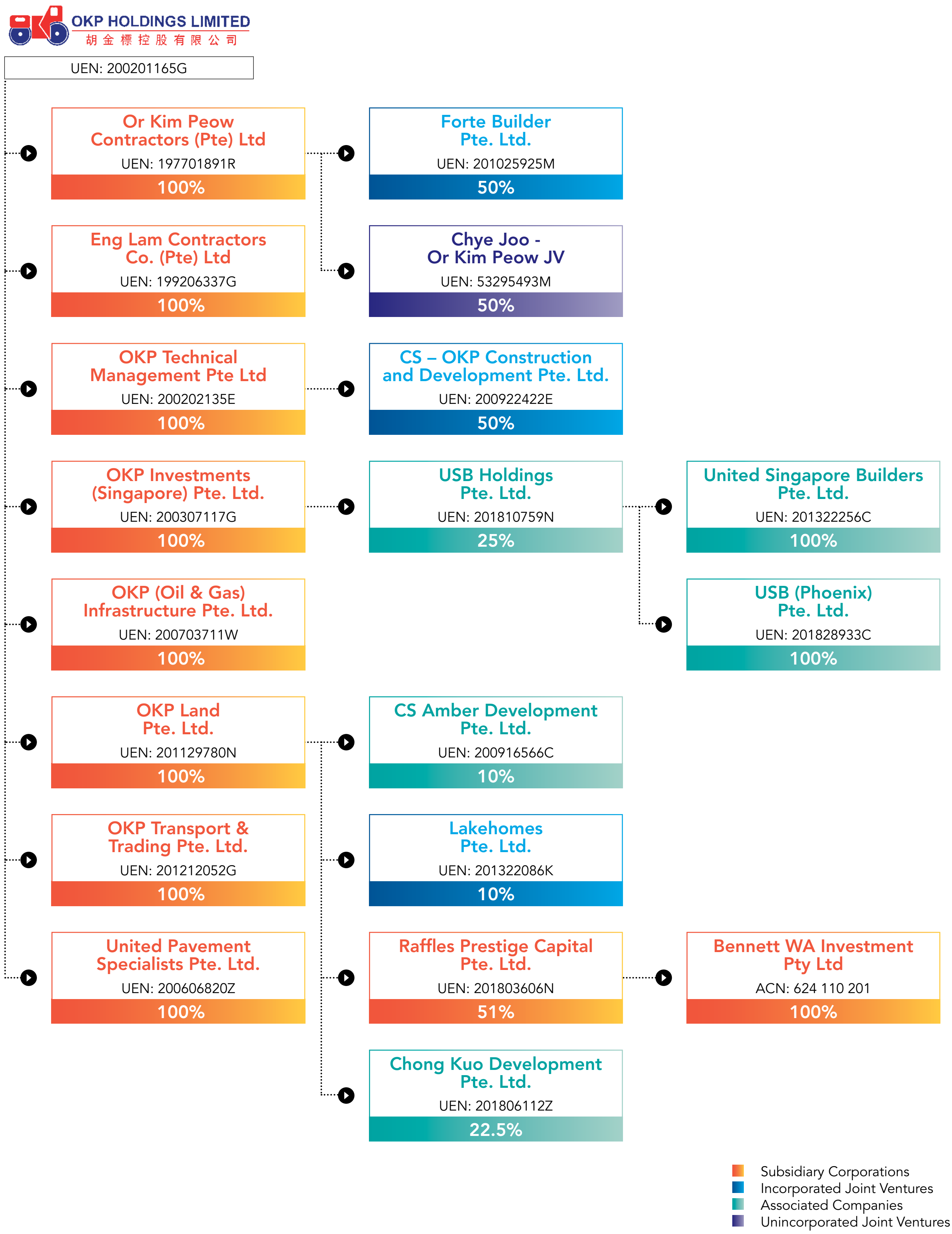
Executive Director
Eng Lam Contractors Co. (Pte) Ltd

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 44 years of experience in the construction industry.

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

OUR GROUP STRUCTURE



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
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
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

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63 Chulia Street
#06-00 OCBC Centre East
Singapore 049514
T : (65) 6530 4729
F : (65) 6532 2359

MALAYAN BANKING BERHAD
2 Battery Road
#16-01 Maybank Tower
Singapore 049907
T : (65) 6550 7202
F : (65) 6535 6155

DBS BANK LTD
12 Marina Boulevard, Level 43
DBS Asia Central @ Marina Bay Financial Centre
Tower 3
Singapore 018982
T : (65) 6878 8704
F : (65) 6534 4080

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
#11-00 UOB Plaza 1
Singapore 048624
T : (65) 6539 2786
F : (65) 6438 1712

INVESTOR RELATIONS

For enquiries, please contact the Investor Relations Department at:
T : (65) 6456 7667
F : (65) 6459 4316
E : okpir@okph.com

SUSTAINABILITY

For enquiries, please contact the CSR Department at:
T : (65) 6456 7667
F : (65) 6459 4316
E : okp-csr@okph.com

STOCK DATA

Stock Code
Bloomberg: OKP SP EQUITY
Reuters: OKPH.SI
SGX: 5CF
ISIN Code SG1M55904841
SGX Sector Classification
Construction

ENHANCING
business partnerships
SEEKING
fresh collaborations

We make it our priority to strengthen our business partnerships and at the same time, seek new collaborations in order to build a strong and resilient company.

OUR OPERATING AND FINANCIAL REVIEW

BUSINESS SEGMENTAL BREAKDOWN

I. CONSTRUCTION

COMPLETED CONSTRUCTION PROJECTS

During the year under review, there were three completed public sector construction projects, which were secured since June 2014 and completed by February 2018.

The construction segment continued to be one of the major contributors to our Group's total revenue, contributing 50.9 per cent or $46.0 million in FY2018.

List of Completed Construction Projects

No	Description of completed construction projects	Date of Commencement	Date of Completion	Contract Value ($)
1.	Construction of Stamford diversion canal Contract 1 – Tanglin and Kim Seng (1140278)	June 2014	December 2017 (extended till January 2018)	50,627,000
2.	Advance works for Bulim Infrastructure Works (C170033T00)	June 2017	February 2018	8,756,910
3.	Proposed infrastructure works at Punggol (Phase 1) (C160071700)	July 2016	October 2017 (extended till February 2018)	19,287,000

ONGOING CONSTRUCTION PROJECTS

During the year, we secured four construction projects from various public sector agencies. These four projects were:

- Improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway)
- 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
- Construction of link sewers for the DTSS Phase 2 Project Schedule III Contract 1 (Jalan Buroh/ Tanjong Kling Road).

In 2018, we continued the execution of several ongoing construction projects, which had been secured since February 2015.

List of Ongoing Construction Projects

No	Description of ongoing construction projects	Date of Commencement	Estimated Date of Completion	Contract Value ($)
1.	Walk2Ride Programme (ER442)	February 2015	December 2018 (extended to December 2019)	60,963,500
2.	Walk2Ride Programme (ER443)	February 2015	February 2019 (extended to December 2019)	82,963,500
3.	Improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (CD-DD33170241)	May 2018	May 2021	48,827,000
4.	Construction of covered linkways to Thomson East Coast Line Stage 1,2 and 3 Stations (T2188)	September 2018	November 2021	36,870,180
5.	Widening of Tampines Road Between Kallang Paya Lebar Expressway and Tampines Avenue 10 (DE 123)	October 2018	October 2021	30,127,000

No	Description of ongoing construction projects	Date of Commencement	Estimated Date of Completion	Contract Value ($)
6.	Construction of road and drains at North Coast Avenue, trunk sewer at Admiralty Road West and North Coast Avenue and junction improvement at Attap Valley Road (C170023T00)	June 2017	April 2018 (extended to February 2019)	11,684,000
7.	Construction of link sewers for the DTSS Phase 2 Project ' -Schedule III Contract 1 (Jalan Buroh/ Tanjong Kling Road) (DTSS2/33180095)	January 2019	January 2023	27,686,000
8.	Proposed sewers in Lim Chu Kang area - Contract 2 (1170393)	August 2017	February 2020	10,250,000

In addition to the above projects, a contract for improvement to Bukit Timah first diversion canal Contract 3 (Holland Green to Clementi Road), was awarded to a joint venture, Chye Joo – Or Kim Peow JV in May 2015. The results of Chye Joo - Or Kim Peow JV are accounted for in the Group's consolidated financial statement using the equity method.

No	Description of ongoing construction project awarded to a joint venture	Date of Commencement	Estimated Date of Completion	Contract Value ($)
9.	Improvement to Bukit Timah First diversion canal Contract 3 (Holland Green to Clementi Road (1150216)	May 2015	May 2018 (extended to March 2019)	146,486,298

II. MAINTENANCE

COMPLETED MAINTENANCE PROJECTS

We completed four maintenance projects during the year under review. The four projects involved improvement to roadside drains, and road resurfacing works.

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 $40.4 million, which constituted 44.6 per cent of our Group's total revenue in FY2018.

List of Completed Maintenance Projects

No	Description of completed maintenance projects	Date of Commencement	Date of Completion	Contract Value ($)
1.	Improvement to roadside drains V Contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas (1160077)	February 2016	August 2018	9,827,000
2.	Road resurfacing works along PIE, AYE and other expressways (TR221)	June 2016	June 2018	27,853,500
3.	Planned road surfacing works along ECP, SLE, BKE, CTE and KPE (TR222)	June 2016	June 2018	26,813,500
4.	Improvement to roadside drains V Contract C2 (Lorong 22 to 44 Geylang areas) (1160319)	June 2016	December 2018	17,987,000

OUR OPERATING AND FINANCIAL REVIEW

ONGOING MAINTENANCE PROJECTS

We won two new maintenance contracts in FY2018 and one contract, which was awarded after 31 December 2018, from public sector agencies. The two new maintenance projects were:

- Improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas); and
- Improvement to roadside drains V Contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive).

The new project awarded after 31 December 2018 was for improvement to roadside drains and watermain replacement works under Estate Upgrading Programme Batch 9 - Contract 1 (Clover and Thomson Faber Island Gardens Estates).

List of Ongoing Maintenance Projects

No	Description of ongoing maintenance projects	Date of Commencement	Date of Completion	Contract Value ($)
1.	Improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Seng Estate areas) (1180028)	January 2018	January 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	3,993,000

List of ongoing Maintenance Project secured after FY2018

No	Description of ongoing maintenance projects	Date of Commencement	Date of Completion	Contract Value ($)
3.	Improvement to roadside drains and watermain replacement works under Estate Upgrading Programme Batch 9 - Contract 1 (Clover and Thomson Faber Island Gardens Estates) (CW-DD/33180135)	January 2019	January 2021	13,923,000

III. RENTAL INCOME

Rental income made up 4.5 per cent of our Group's total revenue for FY 2018, up from 0.2 per cent in the previous year.

The increase in rental income, which was derived from investment properties, was mainly attributed to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia based on the occupancy rate of approximately 68.0 per cent in FY2018.

OKP, together with a joint venture partner, acquired 6-8 Bennett Street, a freehold office complex in East Perth, Australia in April 2018.

OKP completed the improvement to roadside drains V Contract C2 (Lorong 22 to 44 Geylang areas) in 2018.

INCOME STATEMENT

	FY2018 $'000	FY2017 $'000	Change $'000	Change
Revenue				
- Construction	**46,051**	78,448	(32,397)	(41.3%)
- Maintenance	**40,363**	38,846	1,517	3.9%
- Rental income	**4,035**	236	3,799	1,609.7%
Total revenue	**90,449**	**117,530**	**(27,081)**	**(23.0%)**
Cost of sales	**(73,058)**	(95,670)	22,612	(23.6%)
Gross profit	**17,391**	**21,860**	**(4,469)**	**(20.4%)**
Gross profit margin	**19.2%**	18.6%		
Other income	**2,144**	1,020	1,124	110.2%
Other losses	**(2,709)**	(374)	(2,335)	624.3%
Expenses				
- Administrative	**(9,001)**	(9,963)	962	(9.7%)
- Finance	**(1,133)**	(77)	(1,056)	1,371.4%
Share of results of associated companies and joint ventures (net of tax)	**(121)**	2,520	(2,641)	(104.8%)
Profit before income tax	**6,571**	**14,986**	**(8,415)**	**(56.2%)**
Income tax expense	**(925)**	(2,270)	1,345	59.3%
Net profit	**5,646**	**12,716**	**(7,070)**	**(55.6%)**
Net profit margin	**6.2%**	10.8%		
Profit attributable to:				
Equity holders of the Company	**6,488**	12,716	(6,228)	(49.0%)
Non-controlling interests	**(842)**	-	(842)	n.m.
	5,646	12,716	(7,070)	(55.6%)

n.m.: not meaningful

OUR OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

	FY2018 $'000	FY2017 $'000	Change $'000	Change
Current assets				
- Cash and cash equivalents	**74,275**	86,107	(11,832)	(13.7%)
- Trade and other receivables	**3,598**	9,487	(5,889)	(62.1%)
- Contract assets	**18,575**	16,469	2,106	12.8%
Non-current assets				
- Investments in joint ventures	**1,252**	5,495	(4,243)	(77.2%)
- Investments in associated companies	**3,462**	3,175	287	9.0%
- Investment properties	**49,586**	7,200	42,386	588.7%
- Other receivables	**13,493**	16,600	(3,107)	(18.7%)
- Property, plant and equipment	**20,011**	20,056	(45)	(0.2%)
- Intangible assets	**1,789**	1,737	52	3.0%
- Right-of-use assets	**597**	-	597	n.m.
Total assets	**186,638**	**166,326**	**20,312**	**12.2%**
Current liabilities				
- Trade and other payables	**(24,379)**	(37,820)	(13,441)	(35.5%)
- Contract liabilities	**-**	(263)	(263)	(100.0%)
- Finance lease liabilities	**(1,056)**	(1,067)	(11)	(1.0%)
- Lease liabilities	**(192)**	-	192	n.m.
- Bank borrowing	**(768)**	-	768	n.m.
- Current income tax liabilities	**(1,182)**	(2,159)	(977)	(45.3%)
Non-current liabilities				
- Other payables	**(8,068)**	-	8,068	n.m.
- Finance lease liabilities	**(1,766)**	(1,414)	352	24.9%
- Lease liabilities	**(418)**	-	418	n.m.
- Bank borrowing	**(23,902)**	-	23,902	n.m.
- Deferred income tax liabilities	**(1,310)**	(1,091)	219	20.1%
Total liabilities	**(63,041)**	**(43,814)**	**19,227**	**43.9%**
NET ASSETS	**123,597**	**122,512**	**1,085**	**0.9%**
Total Company's shareholders' equity	**124,462**	122,512	1,950	1.6%
Non-controlling interests	**(865)**	-	(865)	n.m.
TOTAL EQUITY	**123,597**	**122,512**	**1,085**	**0.9%**

n.m.: not meaningful

INCOME STATEMENT

REVENUE

Our Group reported a 23.0 per cent or $27.1 million decrease in revenue to $90.4 million for the financial year ended 31 December 2018 (FY2018) as compared to $117.5 million for FY2017. The decrease was due mainly to a 41.3 per cent decrease in revenue from the construction segment to $46.1 million, partially offset by (i) a 3.9 per cent increase in revenue from the maintenance segment to $40.4 million and (ii) a 1,609.7 per cent increase in rental income.

The decrease in revenue from the construction segment was largely attributable to (1) a lower percentage of revenue recognised from a few construction projects which were reaching completion, (2) a lower percentage of revenue recognised from a few newly-awarded construction projects as well as no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project, during FY2018.

The growth in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a few major maintenance projects, which were in full swing in FY2018.

The increase in rental income generated from investment properties was due mainly to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia based on the current occupancy rate of approximately 68.0 per cent.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 50.9 per cent (FY2017: 66.7 per cent), 44.6 per cent (FY2017: 33.1 per cent) and 4.5 per cent (FY2017: 0.2 per cent) of our Group's revenue respectively for FY2018.

COST OF SALES

Our cost of sales decreased by 23.6 per cent or $22.6 million from $95.7 million for FY2017 to $73.1 million for FY2018. The decrease in cost of sales was due mainly to:

(a) the decrease in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties;

(b) the decrease in the cost of construction materials due to lesser utilisation of materials; and

(c) the decrease in labour costs,

which were partially offset by:

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

(a) the increase in depreciation of property, plant and machinery and right-of-use assets, during FY2018.

<table>
<tr><th rowspan="3"></th><th colspan="4">The Group</th></tr>
<tr><th>Current financial year ended 31 December 2018</th><th>Previous financial year ended 31 December 2017</th><th colspan="2">Increase / (Decrease)</th></tr>
<tr><th>$'000</th><th>$'000</th><th>$'000</th><th>Per cent</th></tr>
<tr><td>Construction</td><td rowspan="2">71,784</td><td rowspan="2">95,600</td><td rowspan="2">(23,816)</td><td rowspan="2">(24.9)</td></tr>
<tr><td>Maintenance</td></tr>
<tr><td>Rental income</td><td>1,274</td><td>70</td><td>1,204</td><td>1,720.0</td></tr>
<tr><td>Total cost of sales</td><td>73,058</td><td>95,670</td><td>(22,612)</td><td>(23.6)</td></tr>
</table>

OUR OPERATING AND FINANCIAL REVIEW

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit for FY2018 decreased by 20.4 per cent or $4.5 million from $21.9 million for FY2017 to $17.4 million for FY2018.

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

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

OTHER INCOME

Other income increased by $1.1 million or 110.2 per cent from $1.0 million for FY2017 to $2.1 million for FY2018. The increase was largely attributable to:

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

(b) interest received from loan to a joint venture of $0.5 million;

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

(d) an increase in interest income received of $0.2 million due to higher interest earned from bank deposits, during FY2018.

OTHER LOSSES

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

(a) an increase in fair value loss of $1.7 million arising from the revaluation of some of the investment properties; and

(b) an increase in loss from foreign exchange of $0.6 million resulting mainly from the weakening of the Australian dollar against the Singapore dollar, during FY2018.

ADMINISTRATIVE EXPENSES

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

(a) a decrease in directors' remuneration (including profit sharing) of $1.3 million as a result of the lower profit generated by the Group for FY2018; and

(b) a decrease in tender charges of $0.2 million due to tenders for lesser complex projects,

which were partially offset by:

(c) an increase in staff costs of $0.3 million during 4Q2018; and

(d) foreign withholding tax of $0.2 million on loan interest paid in Australia.

FINANCE EXPENSES

	The Group	
	Financial Year ended 31 Dec 2018 $'000	Financial Year ended 31 Dec 2017 $'000
Finance lease liabilities	**67**	77
Notional interest on loan[(b)]	**234**	-
Lease liabilities[(a)]	**42**	-
Bank borrowing[(c)]	**790**	-
	1,133	**77**

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

(a) interest from lease liabilities of $42,000 as a result of implementation of SFRS(I) 16;

(b) a notional interest on loan of $0.2 million resulting from fair value adjustment of loans from a minority shareholder; and

(c) interest expenses of $0.8 million incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.

SHARE OF RESULTS OF ASSOCIATED COMPANIES AND JOINT VENTURES (NET OF TAX)

	The Group	
	Financial Year ended 31 Dec 2018 $'000	Financial Year ended 31 Dec 2017 $'000
Share of profit of joint ventures[a]	**57**	1,990
Share of (loss)/profit of associated companies[b]	**(178)**	530
	(121)	2,520

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by $1.9 million due mainly to the decrease in share of profit of $1.8 million from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from the few remaining units of the development which were handed over during FY2018. All the units have been fully sold and recognised in FY2018.

(b) Share of loss of associated companies

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

PROFIT BEFORE INCOME TAX

Profit before income tax decreased by $8.4 million or 56.2 per cent from $15.0 million for FY2017 to $6.6 million for FY2018. The decrease was due mainly to (1) the decrease in gross profit of $4.5 million, (2) the increase in other losses of $2.3 million, (3) the decrease in the share of profit of associated companies and joint ventures of $2.6 million and (4) the increase in finance expenses of $1.1 million. The decrease was partially offset by (1) the decrease in administrative expenses of $1.0 million and (2) the increase in other income of $1.1 million, as explained above.

INCOME TAX EXPENSE

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

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

The effective tax rate for FY2018 was lower than the statutory tax rate of 17.0 per cent due mainly to (1) statutory stepped income tax exemption, and (2) a tax rebate of 20 per cent on the corporate tax payable.

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

NON-CONTROLLING INTERESTS

Non-controlling interests of $0.8 million was due to losses from our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in FY2018. The loss was mainly due to the fair value loss of $2.5 million arising from the revaluation of the property at 6-8 Bennett Street, East Perth, Western Australia during the fourth quarter ended 31 December 2018.

NET PROFIT

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

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

OUR OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

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

(a) a decrease in cash and cash equivalents of $11.8 million. This was due mainly to (1) the cash used in investing activities of $36.9 million and (2) cash used in operations of $2.5 million, which were partially offset by (1) cash generated from financing activities of $27.1 million and (2) increase in bank deposits pledged with a bank of $0.5 million; and

(b) a decrease in trade and other receivables of $5.9 million, due mainly to repayment of loans by a joint venture, Lakehomes Pte Ltd, of $3.9 million, coupled with a decrease in trade receivables of $2.0 million due to settlement of billings by a few customers during FY2018,

which were partially offset by:

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

NON-CURRENT ASSETS

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

(a) an increase in investment properties of $42.4 million resulting from the $46.3 million purchase of the property at 6-8 Bennett Street, East Perth, Western Australia. The increase was partially offset by (1) net fair value loss of $1.9 million arising from the revaluation of some investment properties and (2) an exchange realignment of $2.0 million due to depreciation of Australian dollar in FY2018;

(b) an increase in investments in associated companies of $0.3 million due mainly to the cost of investment of $0.5 million in an associated company, Chong Kuo Development Pte Ltd, which was partially offset by the share of loss of associated companies of $0.2 million; and

(c) the recognition of right-of-use assets of $0.5 million as the Group has applied SFRS(I)16,

which were partially offset by:

(d) a decrease in other receivables of $3.1 million due to (1) the repayment of loans by an associated company, CS Amber Development Pte Ltd, of $8.5 million and (2) a notional fair value adjustment of loans extended to the associated companies of $0.1 million. The decrease was partially offset by (1) an advance to an associated company, Chong Kuo Development Pte Ltd, of $3.8 million and (2) an advance to another associated company, USB Holdings Pte Ltd, of $1.7 million; and

(e) a decrease in investments in joint ventures of $4.2 million due mainly to (1) dividends of $0.3 million received from a joint venture, Forte Builder Pte Ltd, and (2) dividends of $4.0 million received from another joint venture, Lakehomes Pte Ltd, which was partially offset by the share of profit of joint ventures of $1.0 million, during FY2018.

OKP is involved in the improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway).

OKP won a contract for the improvement to roadside drains V Contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive).

CURRENT LIABILITIES

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

(a) a decrease in trade and other payables of $13.4 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables;

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

(c) a decrease in current income tax liabilities of $1.0 million due to lower tax provision resulting from lower profits generated,

which were partially offset by:

(d) the recognition of lease liabilities of $0.2 million arising from the implementation of SFRS(I)16; and

(e) a bank borrowing of $0.8 million to finance the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia, during FY2018.

NON-CURRENT LIABILITIES

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

(a) other payable of $8.1 million relating to an advance from a minority shareholder extended to a foreign operation for the purpose of purchasing the investment property and working capital needs;

(b) an increase in finance lease liabilities of $0.4 million as a result of the purchase of plant and machinery to support new projects;

(c) a bank borrowing of $23.9 million to finance the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia;

(d) the recognition of lease liabilities of $0.4 million arising from the implementation of SFRS(I)16; and

(e) an increase in deferred tax liabilities of $0.2 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes, during FY2018.

SHAREHOLDERS' EQUITY

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

(a) the profit generated from operations of $6.5 million in FY2018; and

(b) a capital reserve of $1.6 million arising from the fair value adjustment on the interest-free loan from a minority shareholder,

which were partially offset by:

(c) the dividend payment to shareholders of $6.2 million; and

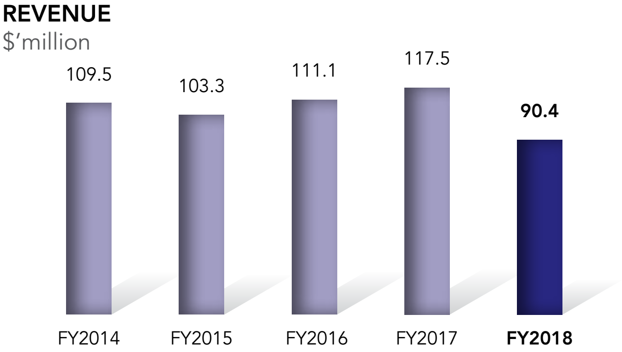
(d) a non-controlling interest of $0.8 million due to the losses of Raffles Prestige Capital Pte Ltd, during FY2018.

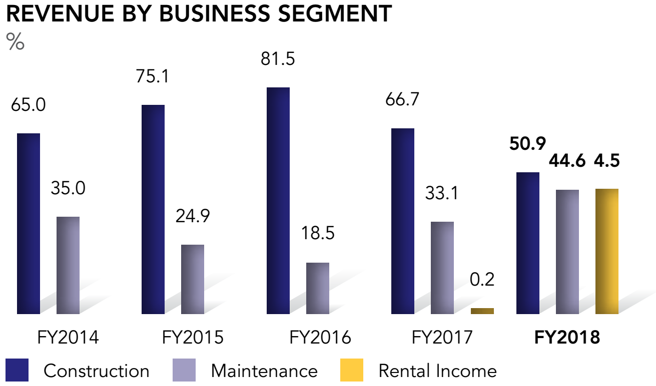
Chye Joo - Or Kim Peow JV is involved in the improvement to Bukit Timah first diversion canal from Holland Road to Clementi Road.

OKP completed the improvement to roadside drains V Contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas).

OUR OPERATING AND FINANCIAL REVIEW

REVENUE





Revenue in FY2018 decreased by 23.0 per cent to $90.4 million compared to $117.5 million in FY2017.

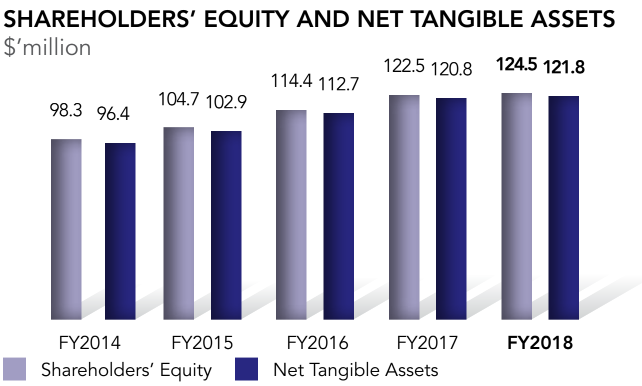
The decrease in revenue was mainly attributable to the construction segment, due to a lower percentage of revenue recognised from a few newly-awarded construction projects; and no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project.

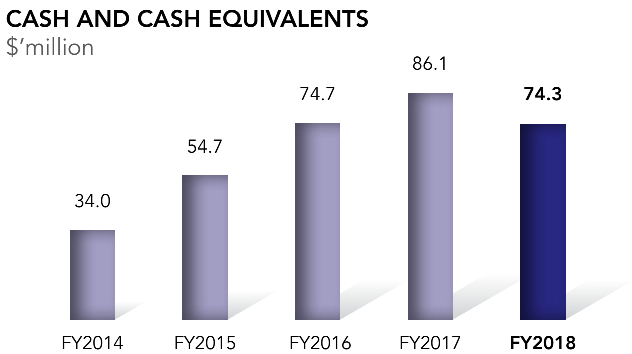
However, the decrease was offset by a 3.9 per cent rise in revenue from the maintenance segment, and a 1,609.7 per cent increase in rental income. The increase in the maintenance segment's revenue was largely driven by the higher percentage of revenue recognised from a few major maintenance projects, which were in full swing in FY2018. The increase in rental income generated from investment properties was due mainly to rental income generated from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia.

The construction segment continued to be the major contributor to our Group's revenue, contributing $46.0 million, a decrease of 41.3 per cent compared to FY2017's revenue. Revenue from the maintenance segment increased by 3.9 per cent to $40.4 million.

On a segmented basis, our construction segment accounted for 50.9 per cent of total revenue, the maintenance segment for 44.6 per cent, and the remaining 4.5 per cent comprised rental income.

BALANCE SHEET





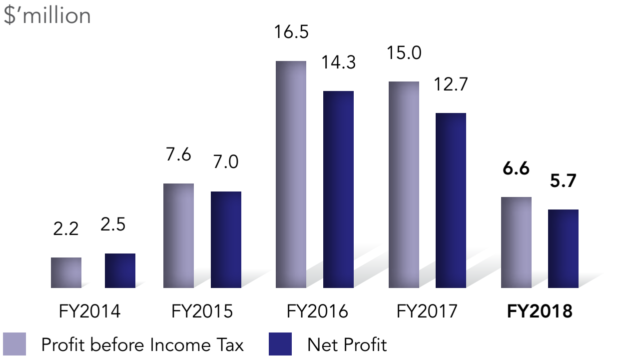
Shareholders' equity increased from $122.5 million in FY2017 to $124.5 million in FY2018 and net tangible assets increased from $120.8 million in FY2017 to $121.8 million in FY2018.

We continue to have a stable and healthy cash flow for FY2018. Our cash and cash equivalents decreased from $86.1 million as at 31 December 2017 to $74.3 million as at 31 December 2018.

PROFITABILITY

PROFIT BEFORE INCOME TAX AND NET PROFIT

$'million

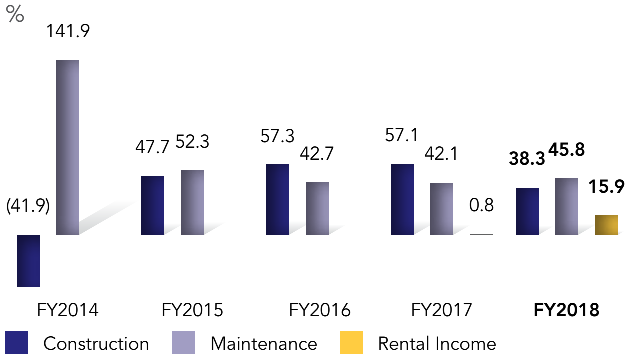


Profit before income tax decreased by $8.4 million or 56.2 per cent from $15.0 million in FY2017 to $6.6 million in FY2018. The decrease was due mainly to the decrease in gross profit of $4.5 million; increase in other losses of $2.3 million; decrease in the share of profit of associated companies and joint ventures of $2.6 million; and increase in finance expenses of $1.1 million. The decrease was partially offset by the decrease in administrative expenses of $1.0 million and increase in other income of $1.1 million.

Net profit decreased by $7.1 million or 55.6 per cent, from $12.7 million for FY2017 to $5.7 million for FY2018. This was due to the decrease in profit before income tax of $8.2 million, which was partially offset by the decrease in income tax expense of $1.1 million.

PROFIT BY BUSINESS SEGMENT

%



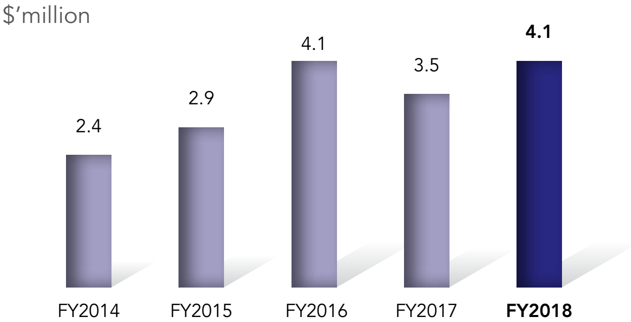
The drop in profit contributed by the construction segment in FY2018 was due mainly to the more competitive pricing environment and rising manpower costs.

The increase in profit contributed by the maintenance segment in FY2018 was largely attributable to the completion of a few maintenance projects, which had commanded better profit margin.

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

CAPITAL EXPENDITURE

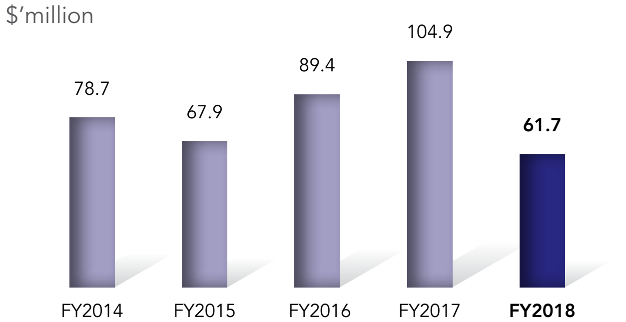
$'million



Capital expenditure for FY2018 was mainly for the purchase of new plant and equipment to support existing and newly-awarded projects.

MARKET CAPITALISATION

$'million

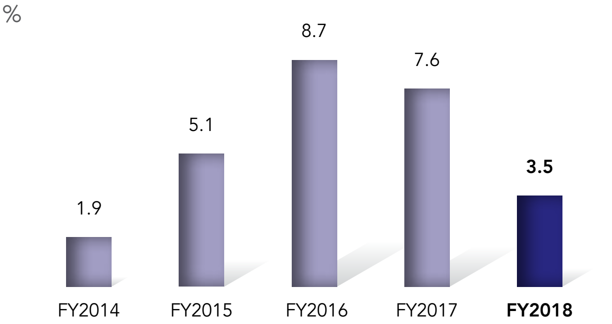


The Group's market capitalisation stood at $61.7 million as at 31 December 2018 compared to $104.9 million as at 31 December 2017.

OUR OPERATING AND FINANCIAL REVIEW

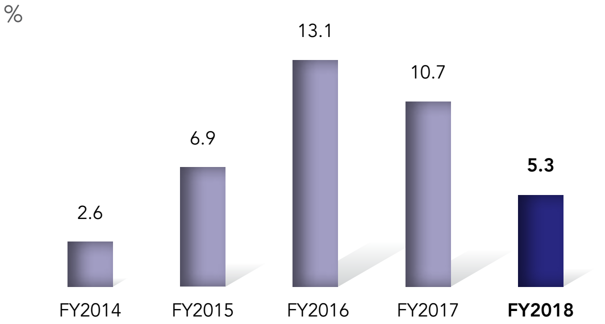
FINANCIAL RATIOS PROFITABILITY

RETURN ON ASSETS



Due to the lower net profit, return on assets decreased from 7.6 per cent in FY2017 to 3.5 per cent in FY2018.

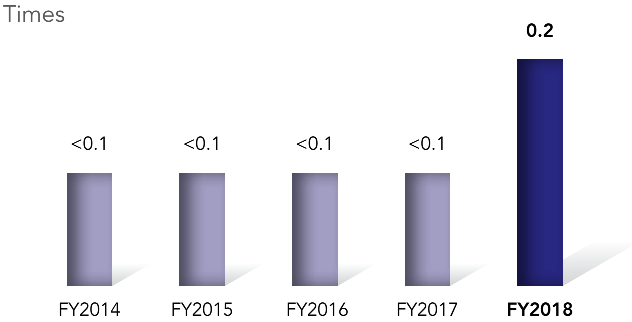
RETURN ON EQUITY



Due to the lower net profit, return on equity decreased from 10.7 per cent in FY2017 to 5.3 per cent in FY2018.

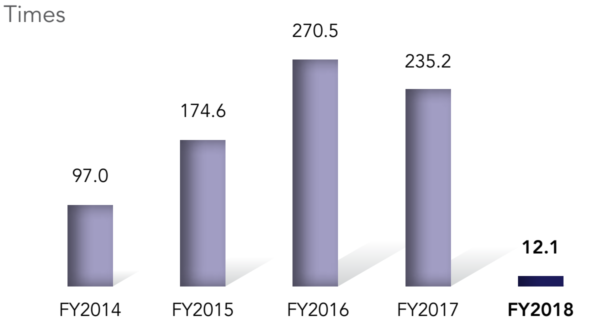
FINANCIAL RATIOS LEVERAGE

TOTAL DEBT TO TOTAL EQUITY RATIO



Our debt to equity ratio increased to 0.2 times in FY2018 due to the bank loan obtained to finance the purchase of an investment property in Australia.

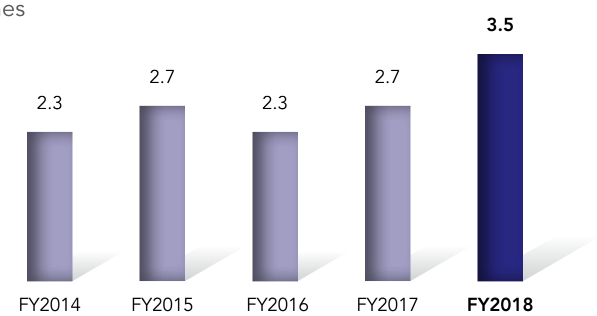
INTEREST COVER RATIO



Our interest cover ratio has decreased from 235.2 times in FY2017 to 12.1 times in FY2018 due to lower profits reported coupled with the increase in finance costs due to interest expenses incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia.

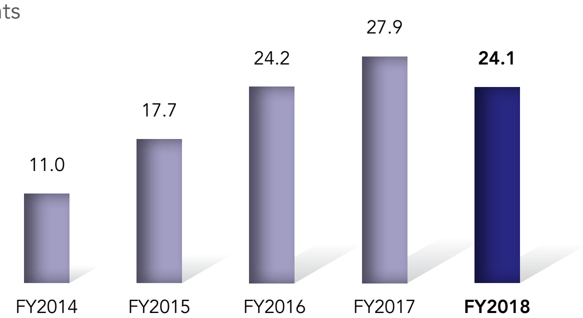
FINANCIAL RATIOS LIQUIDITY

CURRENT RATIO
Times



The Group continued to be strong in its short-term financial position as the current ratio stood at 3.5 times for FY2018.

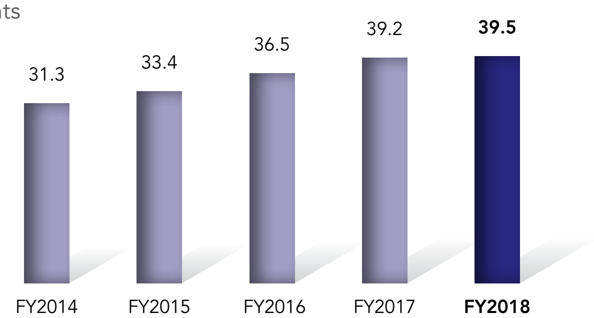
CASH PER SHARE
Cents



With a lower cash and cash equivalents, cash per share decreased from 27.9 cents per share as at 31 December 2017 to 24.1 cents per share as at 31 December 2018.

FINANCIAL RATIOS LIQUIDITY

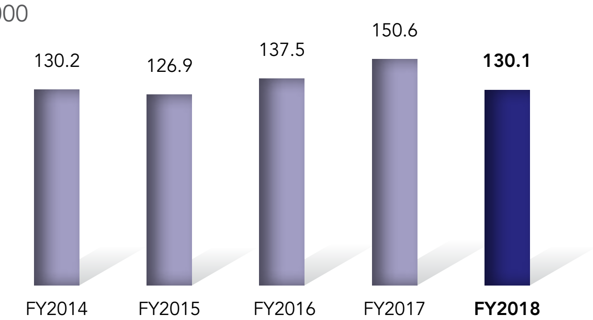
NET TANGIBLE ASSETS PER SHARE
Cents



The Group's net tangible assets increased by 0.9 per cent from $120.8 million as at 31 December 2017 to $121.8 million in FY2018. Net tangible assets per share remained at 39.5 cents per share and 39.2 cents per share as at 31 December 2018 and 31 December 2017 respectively.

FINANCIAL RATIO PRODUCTIVITY

REVENUE PER EMPLOYEE
$'000



Revenue per employee was $130,100 in FY2018.

GROUP QUARTERLY RESULTS

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year	
	$'000	% of Year	$'000	% of Year	$'000	% of Year	$'000	% of Year	$'000	% of Year
Revenue										
2018	23,041	25.5%	27,352	30.2%	21,690	24.0%	18,366	20.3%	90,449	100.0%
2017	29,748	25.3%	34,454	29.3%	27,114	23.1%	26,214	22.3%	117,530	100.0%
EBITDA										
2018	4,098	39.4%	1,313	12.6%	2,287	22.0%	2,692	25.9%	10,390	100.0%
2017	6,185	34.6%	6,513	36.4%	1,866	10.4%	3,310	18.5%	17,874	100.0%
Profit before income tax										
2018	3,358	51.1%	296	4.6%	1,249	19.0%	1,668	25.3%	6,571	100.0%
2017	5,519	36.8%	5,801	38.8%	1,126	7.5%	2,540	16.8%	14,986	100.0%
Profit attributable to shareholders of the Company										
2018	2,843	43.8%	107	1.7%	811	12.4%	2,727	42.0%	6,488	100.0%
2017	5,052	39.7%	4,952	39.0%	742	5.7%	1,970	15.5%	12,716	100.0%

All quarters in FY2018 reported lower revenue as compared to their corresponding quarters in FY2017. The lower revenue was due mainly to the lower percentage of revenue recognised from a few construction and maintenance projects, which were reaching completion. The decrease in revenue from the construction and maintenance segments was partially offset by an increase in rental income generated from investment properties due mainly to rental income from the newly purchased property at 6-8 Bennett Street, East Perth, Western Australia for the last two quarters in FY2018.

Lower EBITDA were recorded in first two quarters and last quarter in FY2018 as compared to their corresponding quarters in FY2017.

The decrease in profit before income tax for the first two quarters in FY2018 was due mainly to lower gross profit from certain construction projects and additional cost arising from the mutual termination of the PIE-TPE project, as well as a decrease in share of results of joint ventures based on the recognition of profits from the fewer remaining units of a development, which were handed over during the first two quarters in FY2018. The decrease in profit before income tax for the fourth quarter in FY2018 was due to an increase in fair value loss of $1.7 million arising from the revaluation of some of the investment properties and increase in loss from foreign exchange of $0.4 million resulting mainly from the weakening of the Australian dollar against the Sinapore dollar. The decrease was partially offset by the increase in gross profit which was attributable to the completion of a few projects which had commanded better gross profit margin during the last quarter of FY2018. The increase in profit before income tax for third quarter in FY2018 was due mainly to higher gross profit from a few maintenance projects, which had commended better gross profit and were nearing completion.

Lower profit before income tax led to lower profit attributable to shareholders for the first and second quarters in FY2018. Higher profit before income tax led to higher profit attributable to shareholders for the third quarter in FY2018. On the other hand, the higher profit attributable to shareholders was due to losses from a subsidary corporation, in the last quarter in FY2018. The loss was due to the fair value loss of $2.5 million arising from the revaluation of the property at 6-8 Bennett Street, East Perth, Western Australia during the last quarter in FY2018.

OKP won a contract for improvement to roadside drains V Contract E5 (Yishun Ave 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estates areas).

CORPORATE LIQUIDITY AND CASH RESOURCES

Group's consolidated statement of cash flows	FY2018 $'000	FY2017 $'000	FY2016 $'000	FY2015 $'000	FY2014 $'000
Cash flows (used in)/generated from operating activities	**(2,504)**	17,492	28,265	20,254	(1,115)
Cash flows (used in)/generated from investing activities	**(36,991)**	(174)	(2,024)	2,120	(587)
Cash flows generated from/(used in) financing activities	**27,128**	(5,879)	(5,637)	(1,795)	(1,883)
Net increase/(decrease) in cash and cash equivalents	**(12,367)**	11,439	20,604	20,579	(3,585)
Cash and cash equivalents at the beginning of the financial year	**81,551**	70,112	49,508	28,929	32,514
Effects of currency translation on cash and cash equivalents	**47**	-	-	-	-
Cash and cash equivalents at the end of the financial year	**69,231**	**81,551**	**70,112**	**49,508**	**28,929**
Comprise of:					
Cash at bank and on hand	**25,702**	27,174	16,127	20,605	14,330
Short-term bank deposits	**48,451**	58,933	58,558	34,084	19,679
Trust account- Cash at bank	**122**	-	-	-	-
	74,275	86,107	74,685	54,689	34,009
Short-term bank deposits pledged to banks	**(5,044)**	(4,556)	(4,573)	(5,181)	(5,080)
Cash and cash equivalents per consolidated statement of cash flows	**69,231**	81,551	70,112	49,508	28,929

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 $2.5 million used in operating activities in FY2018 as compared to net cash generated from operating activities of $17.5 million in FY2017. The $20.0 million decrease in net cash generated from operating activities was due mainly to:

(a) a decrease in net cash generated from operating activities before working capital changes of $2.7 miliion;
(b) an increase in net working capital outflow of $17.5 million,

which were partillay offset by:

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

OKP has purchased a boring rig to support its newly-awarded projects.

CORPORATE LIQUIDITY AND CASH RESOURCES

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

(a) the purchase of new property, plant and equipment and intangible assets of $1.5 million;
(b) the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia for $46.3 million;
(c) the investment in chong Kuo Development Pte Ltd for $0.5 million; and
(d) an advance of $3.8 million extended to an associated company, Chong Kuo Development Pte Ltd, for the purpose of purchasing the land parcel, construction costs and working capital needs and another advance of $1.7 million extended to USB Holdings Pte Ltd, for the purpose of purchasing the property at 71-85 Phoenix Avenue, Phoenix Heights,

which were partially offset by:

(e) the repayment of loan by a joint venture, Lakehomes Pte Ltd, of $3.9 million;
(f) the repayment of loan by an associated company, CS Amber Development Pte Ltd, of $8.5 million;
(g) proceeds received from the disposal of properoty, plant and equipment of $0.2 million;
(h) dividends of $0.3 million and $4.0 million received from the joint ventures, Forte Builder Pte Ltd and Lakehomes Pte Ltd, respectively during FY2018.

Net cash of $27.1 million was generated from financing activites in FY2018. This was due mainly to (1) the proceeds from bank borrowing of $26.3 million and (2) an advance of $10.3 million received from a minority shareholder which was extended to a foreign operation for the purpose of purchasing the investment property and working capital needs. These were partially offset by (1) dividend payments to shareholders of $6.2 million, (2) repayment of finance lease liabilities of $1.2 million, (3) repayment of bank borrowing of $0.3 million, (4) interest payments of $0.8 million, (5) increase in bank deposit pledged with a bank of $0.5 million to secure a bank facility and (6) repayment of lease liabilities of $0.5 million, during FY2018.

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

A telesopic dipper was purchased to support OKP's newly-awarded projects.

Net indebtedness	FY2018 $'000	FY2017 $'000	FY2016 $'000	FY2015 $'000	FY2014 $'000
Due within one year:					
Bank borrowing	**768**	-	-	-	-
Finance lease liabilities	**1,056**	1,067	1,120	950	722
	1,824	1,067	1,120	950	722
Due after one year:					
Bank borrowing	**23,902**	-	-	-	-
Finance lease liabilities	**1,766**	1,414	2,028	1,637	1,513
	25,668	1,414	2,028	1,637	1,513
Total debt	**27,492**	2,481	3,148	2,587	2,235

The finance lease liabilities of $2.8 million are secured by way of corporate guarantees issued by the Company and charged over the property, plant and equipment under the finance leases.

The bank borrowing of $24.7 million is secured by first legal mortgage over an investment property of the Group, the Group's shares in a subsidiary corporation and corporate guarantee of the Company.

The increase in debt amount from $2.5 million as at FY2017 to $27.5 million as at FY2018 as a result of bank borrowing obtained to finance the purchase of an investment property at 6-8 Bennett Street in FY2018.

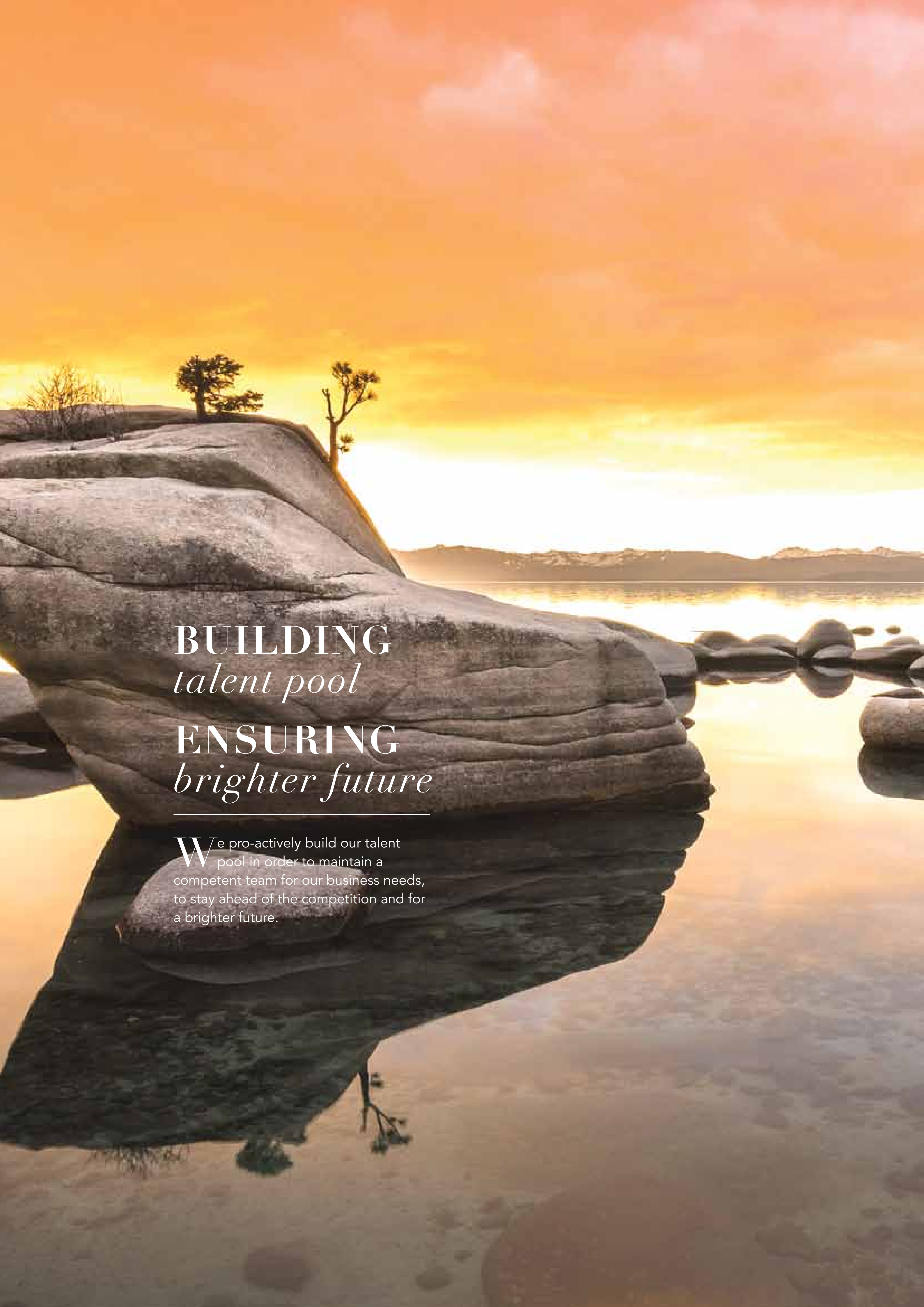
VALUE ADDED STATEMENT

	FY2018 $'000		FY2017 $'000		FY2016 $'000		FY2015 $'000		FY2014 $'000	
Revenue	**90,449**		117,530		111,099		103,290		109,476	
Less: Purchase of goods and services	**(42,368)**		(64,211)		(58,129)		(64,658)		(74,002)	
Gross value added from operations	**48,081**		53,319		52,970		38,632		35,474	
Other income	**2,144**		1,020		2,436		2,590		1,485	
Gain/(loss) on foreign exchange	**(778)**		(224)		36		210		88	
Share of results of associated companies and joint ventures	**(121)**		2,520		3,030		128		91	
	1,245		3,316		5,502		2,928		1,664	
Total value added available for distribution	**49,326**		56,635		58,472		41,560		37,138	
Distribution:		%		%		%		%		%
To employees										
(1) Salaries and other staff costs	**30,734**	62	33,844	60	33,501	57	29,797	72	30,867	83
(From)/to government										
(1) Corporate and property taxes	**1,043**	2	2,384	4	2,278	4	711	2	(233)	(1)
To providers of capital										
(1) Finance costs	**900**		76		72		62		54	
(2) Dividends to shareholders	**6,169**		4,626		4,626		616		925	
	7,069	14	4,702	8	4,698	8	678	2	979	3
Balance retained in the business:										
(1) Depreciation and amortisation	**2,961**		2,812		2,897		3,158		2,986	
(2) Unappropriated profits	**6,488**		12,716		14,338		7,005		2,541	
(3) Minority interests	**(842)**		-		-		(1)		(2)	
	8,607	18	15,528	28	17,235	30	10,162	23	5,525	14
Non-production costs and income:										
(1) Allowance for impairment of receivables (non-trade)	**-**	-	-	-	758	1	650	2	-	-
(2) Non-trade receivables written off	**-**	-	27	0	2	-	-	-	-	-
(3) Fair value loss on investment properties	**1,873**	4	150	0						
(4) Non-trade/trade creditors written off	**-**	-	-	-	-	-	(438)	(1)	-	-
Total distribution	**49,326**	**100**	**56,635**	**100**	**58,472**	**100**	**41,560**	**100**	**37,138**	**100**
PRODUCTIVITY ANALYSIS										
Number of employees	**695**		779		808		814		841	
Value added per employee ($'000)	**71**		73		72		51		44	
Value added per dollar of employment cost	**1.6**		1.7		1.7		1.4		1.2	
Value added per dollar of investment in fixed assets (before depreciation)	**0.9**		1.1		1.2		0.9		0.8	
Value added per dollar of revenue	**0.5**		0.5		0.5		0.4		0.3	

Total value-added created by the Group in FY2018 amounted to $49.3 million (2017: $56.6 million) due to lower profits reported in Y2018.

In FY2018, about $30.7 million or 62.0 per cent of the value-added was paid to employees in the form of salaries and wages. $1.0 million or 2.0 per cent was paid to the government in the form of corporate and property taxes while $7.1 million or 14.0 per cent was paid as dividends and interests to financial institutions. Balance of $8.6 million was retained by the Group for its future growth.

In FY2017, about $33.8 million or 60.0 per cent of the value-added was paid to employees in the form of salaries and wages. $2.4 million or 4.0 per cent was paid to the government in the form of corporate and property taxes while $4.7 million or 8.0 per cent was paid as dividends and interests to financial institutions. Balance of $15.5 million was retained by the Group for its future growth.



BUILDING *talent pool*

ENSURING *brighter future*

We pro-actively build our talent pool in order to maintain a competent team for our business needs, to stay ahead of the competition and for a brighter future.

SUSTAINABILITY REPORT

BOARD STATEMENT

SUSTAINABILITY STRATEGY

The Board is of the view that sustainability means operating our business in a way that is not only financially profitable but also makes a significant positive impact on our stakeholders and the environment. It is a strategic approach that leads to good management, greater effectiveness and sound business performance. We have emphasised sustainability issues in formulating our strategies for the company. The Board is committed 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

During the financial year ended 31 December 2018, the Board together with the management reviewed the Company's sustainability objectives, challenges, targets and progress. The management provides regular updates to the Board, and in turn, the management will be evaluated by its success in implementing OKP's strategic plans to meet stakeholders' and the Board's expectations.

This report aims to communicate the Group's firm commitment towards corporate sustainability and good corporate governance. It seeks to include comprehensive and accessible information on OKP's strategy with regards to its sustainability approach and related key issues according to recognised standards.

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS – POLICIES, PRACTICES, PERFORMANCE AND TARGETS

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

We continue to identify and evaluate the material ESG factors in our business to make sure they are on the right track.

As sustainability issues and risks undergo constant changes, we see this as an ongoing journey as we move towards our 2020 sustainability targets.

On behalf of the Board

OR TOH WAT
Group Managing Director

The Group believes that sustainability is about pursing excellence and enhancement in tackling and acting on environmental, social and governance issues facing our business. We seek to be an advanced and steadfast company with a resolute commitment to corporate responsibility and sustainability. We want to be a responsible corporate citizen, providing transparent disclosure of the economic, social and governance aspects of our business performance to all our stakeholders, as well as put into operation a monitoring framework.

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

This is the fourth year that OKP 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 2018 to 31 December 2018. 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		
	FY2018	FY2019	FY2020
Material environmental, social and governance (ESG) factors	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
Policies, practices and performance	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
Targets	We have disclosed some quantitative performance indicators	We will disclose some quantitative performance indicators	We will disclose some quantitative performance indicators
Sustainability Reporting Framework	GRI	GRI	GRI
Board Statement	Complied	Will comply	Will comply

SUSTAINABILITY REPORT

BOOSTING STAKEHOLDER ENGAGEMENT

The Group seeks to develop and offer sustainable value to all our stakeholders. To achieve this goal, we strive to provide quality products and services, make sure that our customers are pleased, be an employer of choice, oversee our supply chain, and nurture our environment and community. It is a priority on our part to engage our stakeholders frequently 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
Clients/ customers	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
Employees	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
Suppliers	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 in order to achieve project excellence and the highest environmental, health and safety standards
Shareholders/ investors	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
Community	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
Government/ regulators	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

The Group is committed to listening to 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	MaterialComponents	Performance Measures	2019 Target
ECONOMIC	1. Economic performance	Value-added performance	Improvement in value-added performance indicator
		Financial performance	Improvement in revenue and profit
	2. Anti-corruption	Zero tolerance towards fraud, corruption and unethical actions	Adhere to the Group's zero tolerance towards fraud, corruption and unethical actions
ENVIRONMENT	3. Water consumption	Water consumption (Cu M)	Reduce water consumption by 5%
	4. Electricity consumption	Electricity consumption (kWh)	Reduce electricity consumption by 5%
	5. Fuel consumption (by lowering fuel consumption in construction vehicles and heavy machineries)	Diesel consumption (litres)	Reduce diesel consumption by 5%
	6. Minimisation of material wastage	Rate of construction material wastage	Reduce construction material wastage from 3% to 2%
SOCIAL AND GOVERNANCE	7. Health and safety (minimising risk of accidents through education programmes in order for the employees to act responsibly)	Fatal incident rate	Zero fatality rate
	8. Training and education of employees	Training hours and costs	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	We will continue to actively participate in CSR initiatives
	10. Employee retention	Staff turnover rate	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	Ensure equal opportunity and non-discrimination towards both males and females
	12. Supplier chain management	To strengthen our supply chain management efforts	Drive responsible business practices across the supply chain

SUSTAINABILITY REPORT

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	Low	Medium	High
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		

Impact to our business

NURTURING THE ENVIRONMENT

At OKP, we are fully aware of our responsibility for nurturing the environment and minimising negative environmental consequences at our worksites and the environment where we operate. We keep a close watch on our energy (both electricity and diesel), waste and water management at our work places to make sure that we use our resources wisely, meaningfully and sensibly. During the past year, although electricity and diesel consumption has increased slightly, water consumption has decreased, compared to the previous year. Material wastage remained constant at 3 per cent. We actively manage the emissions from all our operations to ensure that we manage the environment impact.

In addition, the Group has been playing its role in advocating a green environment and in fact, has been acknowledged for its environmentally-friendly initiatives. Since 2012, we have won five awards for being a green and gracious builder and one for construction environmental award.

At OKP, we adopt a holistic approach in understanding and managing the environmental impact of our activities and other risks in our supply chain. In managing our supply chain, the Group has established a process for choosing its suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We attach great importance to engaging our potential and current suppliers through frequent reviews and feedback to make sure they have the right abilities, track record and sufficient resources to support our projects and activities. During the year, OKP was fined for 4 (2017: 6) incidences of mosquito breeding.

Below are OKP's key economic performance indicators:

	2018	2017
Revenue ($'000)	90,449	117,530
Value added available for distribution ($'000)	49,326	56,635
Net profit ($'000)	6,488	12,716

Below are OKP's key environmental performance indicators:

	2018	2017
Water consumption (Cu M)	20,014	27,927
Electricity consumption (kWh)	665,666	782,211
Diesel consumption (cu/m)	2,113,127	2,812,000
Material wastage	3%	3%
Fatal accident	0	1

Directors giving a toast to staff at OKP Annual Dinner.

EMPOWERING PEOPLE AND THE COMMUNITY

The Group seeks to empower its people and the community. We aim to be a trustworthy and compassionate employer to our 695-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 are committed to providing them with a safe working environment, training and career advancement and a fair and equitable system that rewards their productivity and performance. The Group does not have any collective bargaining agreement with its workforce.

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

Since 2006, the Group has won 19 safety awards in recognition of its outstanding performance in occupational safety and health management and accident-free environment.

As a responsible and good corporate citizen, we strive to empower people in the community. We believe we should support the disadvantaged and needy in our society through our various donations, sponsorships and voluntary work. Through this method, we also strengthen our reputation as a good corporate citizen, who takes its 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, the Group seeks to fortify its corporate governance, besides nurturing the environment and empowering its people and the community.

To improve our corporate governance, we are committed to and emphasise 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.

We have established a structure to govern our sustainability function. Under the direction of the Board of Directors, the Group Managing Director pro-actively oversees a Sustainability Management Team.

SUSTAINABILITY REPORT

Thus, our approach is both open and transparent in providing the latest and most appropriate information on our financial and non-financial business performance to all our stakeholders. We make it our priority to share relevant information relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance in order 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, OKP seeks to sustain its growth, and operate its business ethically and profitably, with a firm commitment to maintaining high standards in corporate governance and judicious risk management. We strongly believe that we will continue to be a resilient and sustainable company, which is able to overcome unpredicted challenges and become a stable business that brings long-term value to all our shareholders.

Below are our social and governance performance indicators:

	2018	2017
Training hours	3,927 hours	6,094 hours
Training hours per employee	5.64 hours	7.8 hours
Training costs (net of government grants)	$61,000	$219,000
Total CSR spending per annum	$114,000	$79,000
Staff turnover rate	16.6%	10.3%
Employees by gender		
• Male	94%	94%
• Female	6%	6%

In summary, we seek to sustain our business growth and profitability by our dedication to excellent corporate governance, sound financial management and efficient operation; and empower our employees through our initiatives to nurture and reward them for good work efforts. In addition, we seek to provide a positive impact on the community by upholding better corporate social responsibility, and to promote a greener environment by executing environment-friendly initiatives in all our undertakings.

Staff enjoying themselves at OKP Annual Dinner.

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OUR PEOPLE

Operations Manager Mr Tan Jin Siang, receiving 30-year long service award from Group Chairman Mr Or Kim Peow (left) at OKP Annual Dinner.

Driver Mr Woo Yew Huat receiving 10-year long service award from Group Chairman Mr Or Kim Peow (left) at OKP Annual Dinner.

OUR PEOPLE

Our people are one of the Group's key assets as they play a vital role in supporting OKP to overcome challenging times and build resilience through the ups and downs of its business cycle. Their wide expertise, collaborative team efforts and dedication have enabled the Group to strive towards its vision to be one of the leading players in the transport infrastructure and civil engineering industry in Singapore, the region and beyond.

At OKP, we acknowledge that the employees' commitment and hard work to achieve our business have been a pillar of strength for the company since it was founded in 1966. They have been pivotal in helping the company to gain greater competencies and skillsets, thus enhancing its competitiveness. As such, we focus on the Group's 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 attainment of sustainable revenues and profits, OKP is committed to building its talent pool. We proactively build our talent pool in order to maintain a competent team for our business needs, to stay ahead of the competition and for a brighter future. The Group focuses on recruiting, nurturing and developing a capable and motivated team, who can plan, manage and implement the various projects professionally and to a high standard. They will be nurtured to be part of a proficient and strong team, who can meet the business challenges of today and many tomorrows.

In order to draw and recruit the right team of people with the right skills and experience to plan and execute our business strategies, OKP has established a human resources strategy and programme to be implemented for the whole company. The Group identifies with its people's aspirations, emboldens them to perform to the best of their abilities and assists them to rise through the ranks. We also endeavour to improve our human resources and people development practices in order to attract and retain the best talents.

Our workers comprise corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our staff originate from diverse backgrounds and nationalities including China, Taiwan, Malaysia, India, Myanmar, Philippines, Thailand and Bangladesh. With such varied and diverse backgrounds, OKP's management must inculcate common goals and core values so as to develop a capable and effective team. Thus, a result-oriented recruitment, training and development method is fundamental to ensuring OKP's long-term business success and financial stability.

ORIENTATING NEW STAFF

To enable new staff to familiarise themselves immediately and speedily with OKP's culture and environment, the Group has implemented a tried-and-tested employee orientation programme, which assists them in understanding the company's policies, and ethical and safety standards. Our staff orientation policy aims to integrate newcomers by imparting to them OKP's core values and benchmarks so that they can adapt smoothly and quickly to the Group's approach 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 great difference to staff retention, as we notice that new employees generally decide to remain with the Group within the first six months of their employment.

DEVELOPING OUR PEOPLE

The Group is committed to be an employer of choice, and makes it a priority to attract, nurture and retain capable and qualified staff in order to build a solid and resilient team. Indeed, we aim to nurture our people to their fullest potential so that they can help OKP to attain sustainable and stable growth today and in the future. We focus on staff learning and training in order to equip the workforce with the essential technical knowledge, skillsets and abilities to meet the demands of their jobs effectively.

Over the past decades, the Group aims to promote an environment that inspires its workforce to achieve good and high performance. As such, the company has invested extensively in developing our staff training. We do this by implementing relevant training and development courses to continuously equip them with key competencies and skills so that they can perform in their current jobs efficiently. Training is provided to employees based on job requirements and merit in order to further improve their technical and functional capabilities for now and for future requirements of OKP's business.

We seek to nurture our people's talents to their fullest potential so that they can develop their careers within OKP. We do this by providing our workforce with various development opportunities for professional and personal growth such as going on local and overseas industry immersion programmes.

Through such opportunities, they can find job satisfaction and enjoy the advantages 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, we 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, OKP has shown 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.

PROVIDING SPONSORSHIPS AND SCHOLARSHIPS

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

Since 2012, OKP has provided a total of five scholarships and sponsored 12 people for diploma, undergraduate and master courses. In 2018, OKP provided one scholarship under the BCA-OKP Built Environment Undergraduate programme for a Bachelor of Engineering (Civil Engineering) course at the National University of Singapore (NUS). One of our sponsored students in 2016 has graduated in 2018 from NUS with a Master of Geotechnical Engineering and is now working at our company.

Year	Sponsorships	Scholarships	Total
2018	-	1 BE (NUS)	1
2017	2 BE	1 BE (NUS)	3
2016	1 Specialist Diploma in Lean Construction (BCA Academy) 1 MSc (Geotechnical Eng) (NUS)	1 BE (NUS)	3
2015	4 BE (NTU) 1 BE (NUS)	1 BE (NTU)	6
2014	2 BE (NTU) 1 BE (NUS)	1 BE (NUS)	4
2012	2 MSc (NUS)		2
	12	**5**	**17**

Footnote:
BE (Bachelor of Engineering (Civil Engineering)
NUS (National University of Singapore)
NTU (Nanyang Technological University)

OUR PEOPLE

PROVIDING LOCAL AND OVERSEAS INDUSTRY IMMERSION PROGRAMME

Under OKP's overseas industry immersion programme, the Group has been sending staff on overseas trips to acquire fresh skillsets and increase their technical knowledge. In 2017, two trips were organised to South Korea. The first trip was from 18 to 21 October 2017 for the technical staff to learn more advanced technologies and best practices, which were utilised in various complex and major construction projects. They also visited factories and laboratories to find out more of the host's manufacturing and project capabilities. The second trip from 1 to 4 November 2017 was to accumulate insights on advanced technologies and best practices implemented in complex and major construction projects. These technologies included decking system, use of BIM models, application of products and other advanced technologies in construction.

Some employees attended the Stanford CIFE-BCA Advanced Management Programme 2017: Virtual Design and Construction in the United State of America (USA). Group Managing Director, Mr Or Toh Wat took part in a Joint BCA-GeoSS study trip to Germany and Spain from 27 May to 4 June 2017.

The Group also sent its senior management for relevant conferences such as the XXI World Congress on Safety and Health at Work 2017 in Singapore held from 3 to 6 September 2017. Two OKP directors attended the congress, which was organised by the Singapore Ministry of Manpower, plus the International Labour Organisation and the International Social Security Association. In April 2016, Group Managing Director, Mr Or Toh Wat, together with a Project Engineer attended BAUMA Construction Trade Expo in Germany to pick up new technologies and equipment, which may be applicable for our local projects. In addition, five staff attended the Singapore International Transport Congress and Exhibition (SITCE) 2016 with the theme "Innovating Transport for Liveable Cities" in Singapore in October 2016.

Executive Director, Mr Or Lay Huat Daniel (extreme right) attended a course at Imperial College London.

Two overseas industry immersion trips were organised by the company in 2015. In the first specialised overseas project immersion programme, nine employees went to Ipoh, Malaysia in July 2015 to visit a precast yard and a project site, which were exhibiting the precast segment launching process. The second programme was in Jakarta, Indonesia in November 2015, which involved sending batches of at least five senior project engineers for one week to visit a project site and supervise the work for a 60-storey integrated development. Through this immersion programme, our engineers gained valuable knowledge of the method of piling work for big diameter and long depth of bored piles, which will be useful knowledge when OKP tenders for more complex projects.

The Group also took part in BCA's local industry immersion trips to other contractors. A team of engineers visited a local contractor's site to learn about construction methods for building Punggol Bridge across Sungei Serangoon on 16 September 2017. We also sent some staff to attend the Stanford CIFE-BCA Advanced Management Programme 2017: Virtual Design and Construction at the BCA Academy.

The Group's senior management also seek to enhance their leadership skills and expertise. Executive director, Mr Or Lay Huat Daniel attended the Certificate in Imperial College London-BCA Executive Development Programme on DfMA and IDD Leadership in March 2018. Group Managing Director, Mr Or Toh Wat also attended the same programme at Imperial College London in November 2018.

In November 2015, Group Managing Director, Mr Or Toh Wat attended the Stanford Virtual Design and Construction Leadership Programme in USA. This leadership course was organised by the Stanford University's Centre for Integrated Facility Engineering (CIFE) and BCA.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

The Group's guiding principle is to provide a safe working environment for its employees at the construction sites. Thus, to ensure excellent safety standards, OKP strives to foster sound work safety and environmental awareness at all its construction sites. We emphasise and execute stringent safety management throughout the various stages of the projects, beginning at the project management stage, during the construction and site management stages until the successful completion of the projects.

As a reliable contractor in transport infrastructure and civil engineering, the Group makes it a priority to comply with all relevant legislative and regulatory requirements to ensure and safeguard workplace safety, environmental protection and the well-being of all employees. For example, all new recruits go through a mandatory safety induction on the importance of using personal protective equipment and undertaking all risk management procedures.

In advocating and supporting a healthy and safe working environment for our workforce, OKP does not just focus on its own employees. Our view is that our subcontractors and various partners are just as crucial as they also play a significant role in maintaining sound occupational health and safety. We work very closely with them to ensure that they share the same dedication to work together to strengthen safety and environmental standards. A safe construction site not only minimises unnecessary risks in a project, it also improves employees' morale and increases client satisfaction levels. It is the Group's policy that all incidents are monitored and reported at once, and not just those that resulted in actual injuries. We emphasise this procedure to all our supervisors and workforce so that we can learn from and rectify past blunders as well as attain our vision of zero injuries.

Since 2006, OKP has been receiving numerous safety accolades in recognition of its high standard of health and safety awareness at its various worksites. In total, the Group has won a total of 19 safety awards, five green and gracious awards and one construction environment award.

In 2017, OKP received a "Safety Recognition" Award from the Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport - the only contractor under Airside Project to be rewarded with such award. This was the second year running that the Group had received such a safety award from the Changi Airport Group. Another award received by the Group was the Green and Gracious Builders Award conferred by the 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 general 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.

One of OKP's aims is to deter the workforce from being absent from work. Absenteeism from work has an adverse impact on both direct and indirect costs. It also shows a low level of job satisfaction and a lack of dedication to the Group. Furthermore, absenteeism also interferes and disrupts operations at the office premises and construction sites. In order to achieve a low level of absenteeism among its employees, OKP seeks to provide a positive working environment and helps its staff to perform effectively at work with proper guidance and appropriate mentoring.

Group Managing Director Mr Or Toh Wat attended a course at Imperial College London.

SAFEGUARDING ETHICAL PRACTICES

The Group makes sure that all employees follow and abide by ethical practices diligently and without compromise. We hold strong views on anti-corruption and has zero-tolerance towards bribery and corrupt practices. This view is emphasised to all our staff, who may come from different countries and backgrounds with varying ethical standards and accepted cultural practices.

At OKP, we ensure that our workforce understand and comply with the relevant anti-corruption legislations. 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.

OUR PEOPLE

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 OKP's position as a market leader in the public sector construction industry, we need to be a people-centric company. This is because we are dependent on the efficient and reliable performance of all staff to attain our business goals, achieve financial profitability and work together as a solid and resilient company towards a sustainable future.

With the objective of becoming a good people-centric company, the Group has been working on refining its organisational effectiveness and enhancing our communication channels across all levels and between the various business units.

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

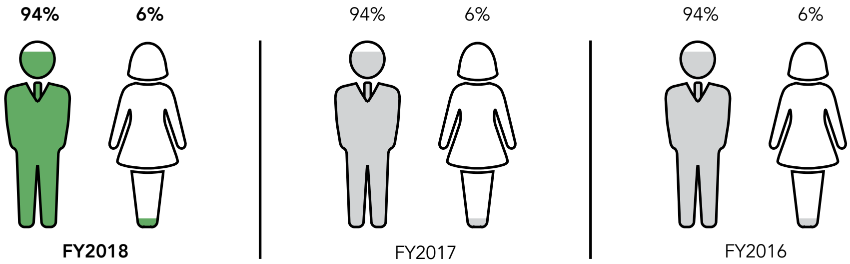
As OKP seeks to be a good employer, we treat all staff with dignity and respect by making sure they receive fair treatment. We abide by all labour laws and guidelines that enshrine fair employment practices. We recruit, promote and train staff based on their merit and performance, and do not discriminate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

In addition, we fulfil our obligations as a good corporate citizen in supporting national defence by facilitating and enabling our male employees to attend reservist training. Since 2008, the Group has been receiving awards from the government for its support and contributions to Total Defence in Singapore.

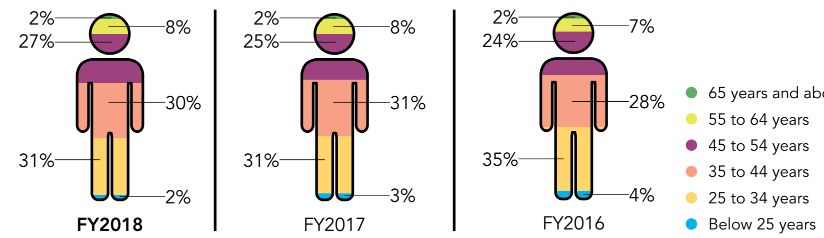
As a people-oriented company, we seek the well-being of our staff. Thus, OKP has many welfare initiatives such as our Annual Dinner, Chinese New Year lunch and regular luncheons. Our staff enjoy other benefits such as medical benefits, transport allowance, subscriptions to relevant societies and various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

EMPLOYEE PROFILE

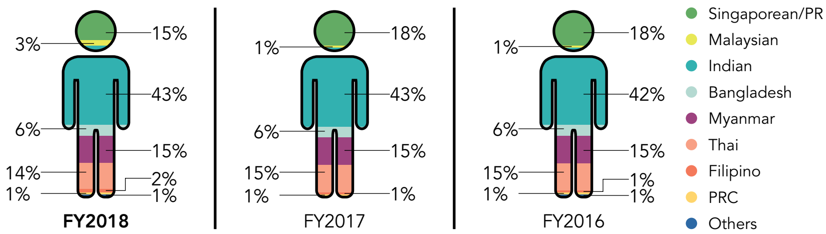
GENDER



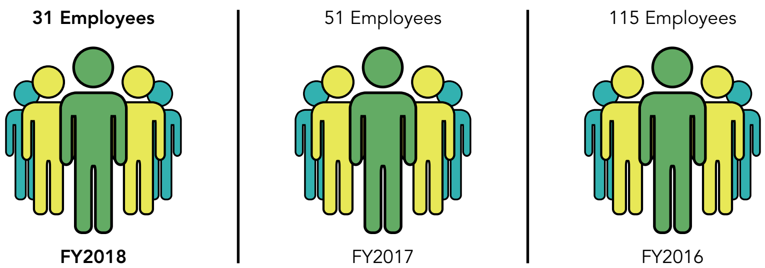
AGE



NATIONALITY



NEW HIRES



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

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is a well-known business practice today. It is defined by Financial Times as a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

We seek to be a good corporate citizen, and therefore, it conducts its business in a sustainable way that creates positive economic, social and environmental impact for our stakeholders and their environments. We do this by making sure that our CSR is managed in a prudent manner and that it makes positive contributions towards the community.

We aspire to apply the best practices in all our business operations, and this encompasses giving back to the community, especially in offering support to the disadvantaged and less fortunate members of society. We render financial help through sponsorships and donations to various charitable groups and causes. We also cultivate a spirit of volunteerism among our staff so that they volunteer their time and efforts towards supporting worthy causes, thus making a positive impact on the community.

Over the past years, there is a growing awareness in Singapore and worldwide that undertaking CSR activities can give businesses a competitive advantage compared to those organisations which do not think that CSR can contribute to their bottom-line. It is gaining recognition in many companies, which are making CSR practices an essential aspect of their business operations. These organisations are aware that implementing good CSR practices can bring about benefits such as creating a positive reputation, and creating good morale among staff, resulting in more effective performance, thus attracting more investors and improving productivity.

We are mindful that endorsing CSR will enhance our corporate reputation. To achieve this aim, we demonstrate our care and concern for the community by participating in various fundraising events and philanthropic activities and through our annual Charities of the Year programme. We actively support numerous charities, providing our staff with opportunities to be public-spirited citizens as they take part in numerous fundraising activities for specific causes and needs. Through these fundraising events and charities, we will continue to widen our outreach to many underprivileged and deprived people within the communities that we serve.

We provide financial support and help to the following charities and community organisations:

- Building fund of 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;
- Pertapis Education and Welfare Centre for its Swing for Hope charity golf event to raise funds for its children's home and centre for women and girls;
- 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;
- Tampines Changkat Consultative Committee for its Festive Wishes Come True event which brings joy to underprivileged children by fulfilling their desired gifts 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;
- Tentera Diraja Mosque's Charity Golf Tournament;
- 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

CORPORATE SOCIAL RESPONSIBILITY

families in over 150 programmes and novel experiences through collaborations with other museums, public institutions and creative practitioners;

- Halogen Foundation Singapore, a values–based, not-for-profit institution dedicated to youth leadership and entrepreneurship development;
- 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 to provide voluntary aid to the sick and wounded in time of war, and to prisoners of war and civilians suffering from the effects of war;
- Educational scholarships and sponsorships for students in tertiary institutions. Since 2012, OKP has sponsored or provided scholarships to 17 students at Nanyang Technological University and National University of Singapore under the Building and Construction Authority (BCA) – Industry Environment Undergraduate Sponsorship/ Scholarship programme;
- 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, 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 fund-raising 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-off enders released from the various prisons and drug rehabilitation centres; and
- Singapore Gymnastics, the national sports association for gymnastics in Singapore, with funds raised for running and administering its various gymnastics programmes.

We also sponsor events or programmes organised by various organisations such as schools, religious and grassroots organisations, Community Development Council, People's Association and Land Transport Authority. In 2018, we sponsored some fundraising golf tournaments such as Building & Estate Management Alumni, and Pertapis. We also sponsored the People's Association Community Centres/ Clubs Building Fund, Halogen Yellow Diamond Charity Gala Dinner and Singapore Institute of Building Limited's movie event.

SAFETY AND ENVIRONMENTAL AWARENESS

An environmental health and safety campaign being conducted at worksite.

BOOSTING SAFETY AND ENVIRONMENTAL AWARENESS

As a responsible business involved in transport infrastructure and civil engineering, the Group is committed to complying with all relevant legislative and regulatory requirements to ensure and safeguard workplace safety, environmental protection and the well-being of all staff.

The Group's priority is to make sure that all employees, contractors and subcontractors on our premises are competent, well-equipped and trained to work safely. One of OKP's 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 our business, we need to establish and inculcate a culture of safety and sound environmental awareness within the company. Improving sound safety standards and fostering greater environmental awareness are, therefore, vital aspects of the Group's core values and work environment.

To achieve this, commitment must come from top management. This is done since late 2015, when the management team assumed direct responsibility for safety performance with senior staff acting as a "safety manager" for the area under his supervision. They are accountable for making sure that the Quality, Environmental, Health and Safety (QEHS) programme authorised at the management level is being carried out effectively on the ground. To reinforce its QEHS capability, OKP has taken steps to to increase the relevent manpower to better manage this function. Since 2015, a corporate safety manager, who is assigned to different sites by roster, has been appointed to provide advice and support on QEHS matters across all project sites.

The Group has established a policy to ensure a minimal risk work environment as OKP aims to prevent any injuries, loss of lives, damage to properties and pollution to the environment. Thus, it is our duty to deliver a working environment that goes beyond health and safety regulatory requirements.

As such, our goal is to have vision zero. We seek to implement our vision zero in relation to injuries, work-related illnesses and environmental impact at all OKP's workplaces.

Putting vision zero in place is not just about focusing mainly on meeting a numerical target of zero injuries at the workplaces or zero damage to the environment but rather, it is about embracing a positive mind-set that strives for zero harm in both areas. Thus, cultivating a safety culture and encouraging environmental awareness among all stakeholders within the Group are key aspects of OKP's core values and well-organised work environment.

By adopting high safety standards and stringent environmental control measures, the Group is fostering the right environment for everyone from senior management to the general workers to contribute fully towards achieving vision zero. The company emphasises workplace safety, health and environmental protection at each and every phase of the project cycle from conceptualisation to the construction and management stages. This is to ensure that all potential risks are identified early and speedily, thereby minimising or eliminating risks downstream.

At OKP, we believe accident prevention and environmental protection are not only a moral obligation but also a good business practice. By addressing and directing our resources to tackle potential hazards and protect the environment, we aim continually to curtail incident rates and costs linked to accidents. Thus, ensuring a safe working environment for our employees and all other stakeholders is an important aspect of our initiatives to attain sound performance, build up our corporate image and enhance our competitiveness.

ENSURING HIGH STANDARDS

To ensure high standards of QEHS performance, the management team has put in place well-defined directions for an effective occupational health and safety management method so as to avoid safety-related and health incidents

SAFETY AND ENVIRONMENTAL AWARENESS

plus foster risk-free and environment-friendly work areas. In addition, this management approach meets all relevant laws and regulatory requirements, as well as ensures competent and capable employees across the company.

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

One way we do this is by adopting bizSAFE, which is the Workplace Safety Health Council's five-step programme for companies to help them improve their workplace safety and health capabilities so as to achieve high safety and health standards at the workplace. To boost the benefits of the bizSAFE programme, we practise optimum risk control, beginning with the elimination, substitution, engineering and administrative control and finally, mandatory use of construction personal protective equipment. Work-at-height risks which cannot be removed will be managed by having certified scaffold platforms erected by trained staff.

Since 2014, the Group has appointed only contractors and vendors with bizSAFE level 3 and above for all its projects. Both our subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd, are totally committed to ensuring excellent safety and health standards and have renewed their Workplace Safety and Health Council's bizSAFE STAR status in early January 2015. This is the highest level awarded to enterprises for their commitment to maintaining a good risk management and workplace safety system.

We are aware that our workforce and subcontractors' staff working onsite are our key assets. As such, we do not compromise on their safety at the expense of costs or time because every employee matters. To stay ahead in this competitive industry, we have continuously review and revise our QEHS Management System. By doing so, we improve our workplace safety and health standards as well as finetune our operational procedures, thereby enhancing our overall efficiency. The Group's integrated management system had been implemented according to the ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 requirements. Maintaining our certification by the Building and Construction Authority (BCA) testifies that our company has a robust system and firm commitment in ensuring continuous quality, environmental, safety and occupational health improvements. We successfully obtained renewal of the ISO 9001:2015, ISO 14001:2015 and OHSAS18001:2007 certificates in August 2017.


Worker attending an environmental health and safety campaign.

At OKP, we are also steadfast in safeguarding and maintaining the natural environment through a range of ongoing initiatives. Embracing the environmental motto of reduce, reuse, recycle, the Group contributes to the protection of our environment through waste management, energy conservation and water conservation.

We define being gracious to mean that we provide a pleasant environment for our clients, our workforce and for all members of society. As such, we undertake to do our part by:

- working to reduce and control construction site noise and vibration in order to provide a more pleasing environment for the public, our clients and our staff;
- 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.

At OKP, we are committed to providing the tools, knowledge and resources to keep all who are on or near our construction sites safe. The Group wants everyone to go home healthy from their jobs every day.

WINNING RECOGNITION AND AWARDS

The Group's achievements on QEHS has been acknowledged. The company has received numerous awards in recognition of its workplace health management and occupational safety focus.

In 2017, the Group received a "Safety Recognition" Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport. It was the only contractor under Airside Project to be rewarded with such an award.

This was the second year running that OKP has been conferred such a safety award from the Changi Airport Group.

Another award received by the Group is the Green and Gracious Builders Award conferred by the 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 general 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.

Since 2006, OKP has won a total of 19 safety awards, five green and gracious awards and one construction environment award.

A morning exercise taking place at one of the worksites.

UPHOLDING QEHS SUSTAINABILITY

The Group faces many challenges in upholding the high standards of its QEHS Management System in today's rapidly evolving environment. We believe QEHS sustainability is important to all our stakeholders and is also 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 increase our competitiveness and stay stable and resilient for our future business growth.

We have taken many measures to ensure that our work practices are environmentally-friendly, and they always protect our employees' safety and well-being in all our premises and situations. Firstly, OKP regularly updates its legal register so that it is up-to-date on all applicable legal requirements. With the assistance of the updated legal register, the Group would be able to keep up with changes and proposed legislations. The legal register also ensures that the Group is aware of and understand the implications of core legislations that affect its operations. This ensures that we stay compliant with local regulatory requirements and international standards.

Secondly, we seek to lower pollution levels at all our worksites in order that our workers can enjoy a higher quality of life in the environment where they work.

Thirdly, when recruiting 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 have significantly increased our Group's success and sustainability.

Fourthly, we have established Business Continuity Plans to better manage the organisation during unpredictable times and crises such as haze, monsoon rains, and disease outbreaks such as the Zika virus crisis. The Group has implemented risk assessments to ensure that the business functions and operations can continue without comprising our employees' safety and health. For example, during the haze crisis over a few months in 2015, OKP 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.

In 2016 during a severe outbreak of the Zika virus, which particularly affected foreign workers at construction sites, OKP set up its Zika Contingency Plan. The plan was to deter mosquito breeding and dengue/Zika transmission at the Group's construction sites whereby the body temperature of employees were being measured daily to identify signs of fever. Insect repellents were also applied daily for protection against mosquito bites. The other keys control measures include:

- intensification of search-and-destroy efforts to check on potential mosquito-breeding at all sites;
- inclusion of step-by-step dengue response and reporting procedure;
- standardisation of dengue case information form;
- mass combing of the entire site;
- twice-weekly pest control operator's visits for the entire site;
- weekly trimming of overgrown grass;
- monitoring of mosquito population using Gravitrap; and
- regular and thorough housekeeping.

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CHAMPIONING A SAFETY CULTURE

The Group believes that championing a strong and sound safety culture will promote safe behaviours among co-workers and result in an injury-free workplace. Safety management begins at the project planning stage and is practised throughout the various stages of design, construction and management till the projects are fully completed.

We expend great efforts to develop and implement a progressive and dominant QEHS culture in OKP. For example, in 2015, a project team worked together to start a community where safety alerts and bulletins were developed and communicated to other project teams so as to share best safety practices, lessons learnt, case studies and other important safety information. This approach continued till today. Monthly project-level cross audits are also implemented to provide a "third eye" to identify shortfalls in the existing QEHS system and practices.

Routine cross audit inspection conducted at various worksites.

Through the years, our comprehensive construction safety programme has progressed with the principles and processes behind this programme being fine-tuned. Some aspects of this programme include:

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

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

Firstly, we introduced Behavioural Based Safety programmes at our worksites. This is a safety method that focuses on the behaviour of workers as the source of most work-related injuries and illnesses. By conducting reviews and surveys of current work practices and collating data from interviews and 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 the Behavioural Based Safety programmes, the company can improve its workers' well-being, thus improving performance and attaining a sustained adjustment of attitudes towards safety.

Secondly, the Group continuously involves all employees on the Corporate Safety Promotion Programme in order to foster safety awareness at all organisational levels and reinforce its aim to make staff safety a top priority. This programme seeks to inspire our workforce to advance their own and their fellow workers' safety behaviour, as well as support OKP's safety, health and environmental goals. Various safety promotional activities were carried out. These included the "Your Hands are Important" safety campaign, Dengue Prevention campaign (jointly conducted with LTA and National Environment Agency), monthly mass safety talks and regular incentives for staff with excellent safety performance/behaviour. In order to acknowledge workers who go the extra mile to display exemplary behaviour and safe work practices and attitudes, the Group identifies in each month a safety conscious staff. This person will be rewarded with NTUC vouchers to be personally handed over by project management staff as a token of appreciation. Sufficient workers' resting shelters are provided at all project sites, where employees could take intermittent rest during the working hours.

Thirdly, we continue to develop a systematic way of monitoring the safety performance and knowledge of all employees. All workforce 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 easily identified by their supervisors and recommended for further training. The worker would also be closely watched during work process to avoid any safety non-conformance.

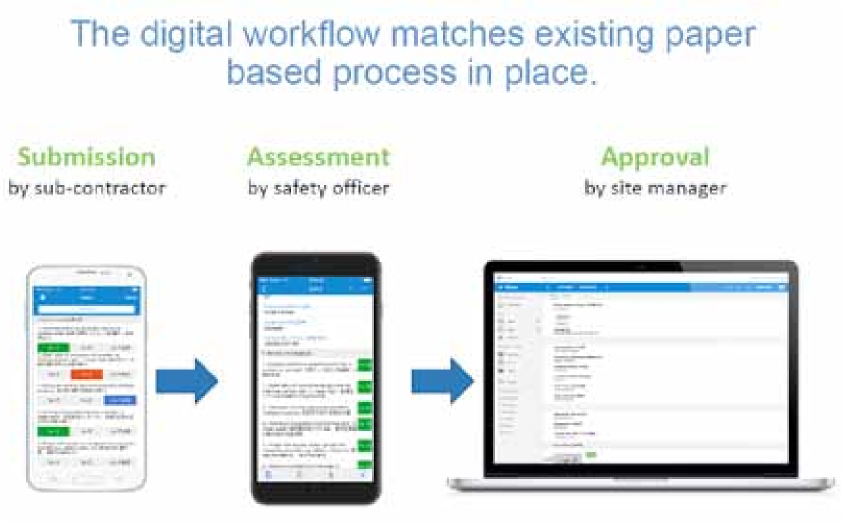
Fourthly, OKP has printed its own safety handbook to highlight the company safety requirements. The handbook contains the "dos and don'ts" to help the staff understand house safety rules and regulations, and procedures for doing work safely. Besides the English version, the safety handbook is also translated into the workers' native languages. This is to make sure that non-English speaking workers understand all the potentially life-saving information and know the safety procedures thoroughly. The safety handbook is our key tool in the ongoing battle against workplace accidents and injuries.

Fifthly, we have started a Safety Alert and a Safety Bulletin in order 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 on recent safety incidents, highlight learning points, and provide recommendations on how similar incidents can be prevented. The Safety Bulletin is to generate awareness on a range 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.

Sixthly, emergency drills are conducted regularly at all our worksites to strengthen emergency preparedness in handling any potential incidents such as fires, chemical spillages and fall-from-height incidents. The Group 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 boost safety awareness and knowledge of all workers. This shows our commitment towards the safety and well-being of all our workforce, clients, subcontractors and suppliers.

HARNESSING TECHNOLOGY TO MANAGE SAFETY

The Group has harnessed technology through the use of applications (apps) for the Permit to Work (PTW) System. In the construction industry, the contractor deals with a lot of permits



OKP uses applications for the Permit to Work System.

to manage hazardous work. The traditional paper method of using the PTW system requires spending hours filling out forms, sending the paper forms from place to place, and waiting for the permits to be issued, resulting in a huge loss of time.

The Group has fixed this issue by working with an application developer to create an easy-to-use mobile application to enhance the efficiency, control, productivity and compliance of the current PTW System. Paper forms are replaced by mobile devices. Through the PTW applications, subcontractors can apply for permits using their mobile devices and are notified when actions are needed. Safety officers can conduct safety inspections and validate PTWs immediately. Corrective actions are also easy to check and monitor. In addition, project managers can monitor the status of all PTWs 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 automatically, and archived in the system. Thus, the mobile application is fast and easy to use. New users can download the app and get started in less than five minutes. This approach has certainly boost productivity and help better time management for OKP.

DEVELOPING QEHS TRAINING AND COMPETENCY

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

We educate our staff at all levels, equipping them for the challenging construction environment through programmes offered by the Ministry of Manpower-approved training centres. It is mandatory for all management staff and engineers to attend safety courses such as the “Construction Safety Course for Project Managers” and “Risk Management Course”. These courses equip them to be fully aware of regulatory requirements to

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Receiving vouchers for being exemplary in promoting safety.

take on the roles of risk management leaders in order to eliminate or minimise risks at source.

As part of OKP's orientation programme, supervisors instruct new staff on the highest standards of QEHS requirements. New recruits are required to undergo a health and safety induction programme upon first joining the Group. The safety team continuously updates its inhouse safety training and education programme for both new and existing workers to train them with the basic knowledge necessary for executing their various functions in a safe and proficient manner. Specialised and more detailed information and training are given regularly to site safety practitioners. This is to keep them on abreast of the latest industrial safety and environmental regulations.

Due to the nature of OKP's work plus large work area covered by our project sites, the Group has also exceeded local regulatory requirements and trained a sufficient number of first-aiders for our projects. The trained first-aiders are deployed strategically at each work area to ensure that any person who sustains an injury can receive first-aid treatment speedily.

Training is vital in averting injuries among workers. In recent years, OKP extended 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 and safe work procedures for our employees. 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 instructed on safety procedures to be followed with practical illustrations during the training session.

From 3 to 6 September 2017, two OKP directors attended the XXI World Congress on Safety and Health at Work 2017 in Singapore. 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. It was attended by over 3,500 Workplace Safety and Health experts and business delegates from more than 100 countries, who shared many learning opportunities on Workplace Safety and Health-related topics.

On 16 November 2017, five OKP senior staff attended the QEHS Internal Auditor – ISO 9001: 2015, ISO14001: 2015 and OHSAS 18001:2007. With the knowledge attained, the staff will be able to confidently conduct a comprehensive internal audit on our QEHS management system and recommend improvements so that we can continue to comply with the ISO 9001: 2015 and ISO14001: 2015 practices. Some of these on-going green efforts at all of our worksites include:

- reducing the environmental impact of work activities by implementing action plans aimed at cutting consumption of natural resources and reusing and recycling construction waste wherever possible;
- managing and disposing construction waste properly;
- reducing/reusing/recycling construction materials such as timber, reinforcement and concrete debris;
- maintaining construction machinery regularly to reduce carbon emissions;


Training on the safe use of ladder.

A briefing by Workplace Safety and Health Officials.

- implementing and maintaining effective earth control measures onsite to prevent silty water from polluting public drains;
- reducing and treating waste water from construction activities in treatment plants before releasing into the public drainage system;
- minimising water consumption and emissions;
- using eco-friendly innovations such as solar-powered devices and de-sanding machines to separate sand from dredging wastes;
- reducing the usage of timber formwork by using metal formwork;
- evaluating subcontractors' green practices before award of project;
- evaluating a product's impact on the environment and considering if the product has a Green Label before selecting the supplier's products;
- using more environmental-friendly products which are non-toxic; and
- executing promotional activities onsite to encourage green practices.

Other green practices adopted by OKP included:

- 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;
- recycling of paper by reusing single sided printed paper, 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 capture sunrays using photovoltaic cells, which convert the light into electricity to power the security cameras. The solar cells produce direct current (DC) power, which then passes through an inverter to change the power to the desired voltage. 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 address the challenges in the QEHS landscape and look out for opportunities to keep up-to-date with the latest developments. Through the collective efforts of every stakeholder, OKP believes significant improvements in QEHS standards have been and will continue to be made.

OUR CUSTOMERS

Since we began our business more than 50 plus years ago, we have been and continue to be fully appreciative of our customers, who have supported us through the ups and downs of the business cycle. Indeed, we recognise that our customers are key to the growth of our business and continued success as their support have helped us to grow from a sole-proprietorship in 1966 to become an established public listed company today. We recognise that our capabilities in overcoming challenging times and building our resilience as a sustainable business are due mainly to the steadfast and loyal support of our customers.

We view our relationships with our customers from a long-term perpective and believe they are mutually beneficial for both parties. We trust that our customers value our professionalism, good teamwork and top-notch quality services while we enhance our knowledge, widen our experiences and grow 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 very best to produce quality results. Our customers' loyalty and confidence has enabled us to be acknowledged as a reputable civil engineering contractor in Singapore and the region today.

MEETING OUR CUSTOMERS' NEEDS COMPETENTLY

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 totally committed in delivering on our service promise. With the aim of fulfilling our service promise to our customers effectively, our team works assiduously together to realise our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, we seek to fulfil this service promise by training and encouraging our employees to support our customers to their utmost abilities and at all times. We emphasise this view to our staff by empowering them to listen responsively to our customers' feedback, and work in tandem with the customers to detect their business problems and address them accordingly. We give our workforce the required authority, resources and help to propose fresh ideas to meet our customers' issues and concerns. Our employees seek to solve the underlying causes of a customer's problem rather than merely treating the symptoms, and through this approach, resolve the issue.

At our worksites, our customers' health and safety are OKP's priority. We work in sync with our customers to make sure 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 very important for the successful completion of all projects. To achieve this goal, we strive to work diligently with our customers to ensure that the projects are completed successfully within the stipulated contract terms.

DELIVERING ON OUR PROMISE TO OUR CUSTOMERS

In seeking to deliver on our service promise in the intensely competitive business arena in Singapore and the region, we believe that customer satisfaction becomes exceedingly important for us to sustain our business. We are aware that customer satisfaction has been a vital component in our business' continual expansion and success. As such, OKP's management team and supervisors work closely with our customers to provide a high degree of engagement in order to ensure the smooth and successful completion of all projects.

We believe that when we deliver on our contracts on time and on budget, and go beyond customers' requirements, the customers will have greater confidence and trust in us. Thus, we go out of our way to reinforce this confidence and build a solid reputation by ensuring that we deliver all projects with the highest standards of trustworthiness, integrity and competence. Through our many decades of operational experience, we have developed targets to ensure a high level of customer service and these targets have enabled us to create good rapport and uphold solid relationships with our customers and keep them fully satisfied.

We aim to provide:

- prompt response to customers' needs and developing solutions for their problems;
- honest and ethical business practices that put our customers' interests first;
- high standards of service quality;
- high safety standards at building and construction sites;
- effective management to complete projects on time and within budget; and
- results that meet customers' requirements and expectations.

GROWING OUR CUSTOMER BASE

To build a strong and resilient company with a sustainable business for the long term, we need to maintain as well as grow 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.

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.

Our aim is to enlarge this list of customers as we tender for new projects and strengthen our business in Singapore and the region. We have diversified our business by forming joint ventures with partners to develop property projects. To develop new capabilities and knowledge and enhance our competitiveness, we have also invested in a joint venture in 2014 to tender for complex projects and undertake these projects if awarded. We are always on the lookout to explore fresh opportunities in order to grow our list of customers in the region.

With our solid expertise, wide experience, strong track record and sound reputation for delivering results, we are in a good position to grow our customer base and establish a sustainable business in the long haul in Singapore and the region.

SECURING CONTRACTS FROM REPEAT CUSTOMERS

At OKP, our priority is to have a holistic approach in our customer service by having long-term relationships with our customers. We value each customer relationship, looking at it as a sustainable partnership to be cultivated and sustained at all levels and all times. We strongly believe that establishing and maintaining enduring relationships with customers is the foundation of our business success.

Opening ceremony for the Stamford Diversion Canal Detention Tank project.

Following this method, we have made it a key aim over the past years to build up and foster many solid and loyal partnerships. The strong relationships we enjoy with our customers have borne good fruit as we have won many repeat contracts from various customers since we began our business as a sole-proprietorship in 1966.

Indeed, we are thankful for the continuing support from these long-term and steadfast customers, who have stood by us through good as well as challenging times in the business cycle. These repeat contracts bear testimony that our customers are satisfied with our professionalism, good work and quality service standards.

Winning contracts from many returning customers is not an easy task. The repeat business is the outcome of our competitive cost position and excellent past performances, which we believe are two crucial criteria for winning new contracts. In addition, we also believe that the time and efforts we invest in building up and nurturing our customers play a vital part in winning such contracts. Certainly, our employees' focus in offering high standards and quality projects to our customers is just as important in clinching new and repeat contracts.

PARTNERING TO BOOST OUR CUSTOMERS' EFFICIENCIES

Due to the many uncertainties facing the global economy, which in turn has an impact on Singapore's economy, today's business environment is challenging and very competitive. As in any business operations, our customers also face similar dilemmas where they need to make decisive actions to improve their productivity, reduce costs, and create added value to their businesses, often with limited financial and physical resources.

As we continue to work towards a strong and resilient company by increasing our expertise, strengthening our competitiveness and growing a sustainable business in Singapore and the region, we seek to support our customers in maximising their efficiencies. We provide this support by being a steadfast and loyal partner, who identifies and helps them to attain their financial and operational objectives.

We ensure that our contracts are priced accurately and fairly to reflect current market conditions. With our solid track record in civil engineering and infrastructure works and as a recognised market leader in public sector construction projects, we are in a good position to deliver many value-added services to our customers.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

We do not just engage with our customers professionally through our business activities at building sites and meetings. We also make it a point to also engage them in other ways such as supporting them through providing sponsorships, and organising and hosting joint events in the respective industries.

INVESTOR RELATIONS

INVESTOR RELATIONS

With the demand nowadays to meet the frequently-evolving requirements of disclosure, greater transparency and better corporate governance, we seek to provide our stakeholders with timely and accurate information on our business and financial performance.

We are committed to ensuring that our investors have a full understanding of and are kept up-to-date on our strategic directions, business operations and market environment so that they can make informed investment decisions.

To achieve this aim, we engage regularly with our investors through various channels in order to communicate effectively with them. Our senior management and investor relations (IR) team proactively keep the communication channels open with the investment and financial community, as well as the media.

Our guiding principle in relation to our shareholders is our commitment to maximising their return on investment while maintaining excellence in our products and services. We are committed to creating and enhancing long-term value for all our shareholders and investors. We aim to build a solid, sustainable and resilient company by gaining a wide range of capabilities and increasing our expertise, competence and knowhow so as to fulfil our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this approach, we are able to achieve sustainable business growth and deliver stable results – to meet the expectations of our shareholders and investors.

To move ahead as an industry leader in the competitive environment, we diligently monitor the external business and macroeconomic climate affecting our business and address any issue strategically. We keep up-to-date on best practices by putting in place excellent management

Engaging with shareholders after AGM.

practices, with efficient operational procedures to ensure a smooth practical workflow. We emphasised to all staff the importance of delivering high-quality customer services, which meet and go beyond customers' expectations.

We continually aim to enhance our IR practices for the benefit of our stakeholders. We are a member of the Investor Relations Professionals Association (Singapore) and have renewed our membership for 2019. The association's primary objectives 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 resolute in ensuring good corporate governance, whereby it manages, directs and balances the interests of all its stakeholders, which include customers, employees, suppliers, business partners, investors and the general public. In the light of constantly developing requirements for better disclosure, transparency and corporate governance, we believe that strong corporate governance is vital in gaining and maintaining investors' loyalty and confidence as well as drawing the attention of new investors.

We fully supports the pledge towards board diversity, which is initiated 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."

We have instituted processes to improve our corporate governance framework to enable greater transparency and fast-track management decision-making processes, as well as reinforce 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

administered by the National University of Singapore Business School for Governance, Institutions and Organisations, CPA Australia, and the Singapore Institute of Directors.

Currently in its 10th 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 – 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) – which 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.

According to a Business Times report on 7th August 2018, we ranked 150 in SGTI 2018 score, compared to 73rd in SGTI 2017, with an overall SGTI 2018 score of 66 compared to 69 in 2017.

The SGTI results were based on a study covering 589 companies in the General Category, and 43 Reits and Business Trusts, which released their annual reports in 31 May 2018.

We proactively engage the investment community and demonstrate our commitment by providing up-to-date and reliable information on corporate developments to help investors and other interested parties in making well-informed decisions in relation to their investments. We trust that this transparency contributes significantly towards a good understanding of the Group and its activities, as well as enable the investing community to evaluate how well we are is performing.

As a trustworthy organisation committed to excellent corporate governance, we fully support the Corporate Governance Week, which is organised annually by the Securities Investors Association (Singapore). Its focus on building and implementing excellence in corporate governance resonates with the way the company manages its business and how it communicates with its shareholders.

Our representatives took part in the 9th Corporate Governance Week with the theme "Towards Excellence in Corporate Governance", which was held from 14-28 September 2018.

INVESTOR RELATIONS POLICY

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

We have been recognised for our excellence in IR and dedication to good corporate governance, winning numerous awards and accolades in recent years, namely:

- 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.

INVESTOR RELATIONS

DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of dividend payable on our shares will depend on our financial position, results of operations, capital needs, plans for expansion, and other factors as our Board of Directors may deem appropriate. We have maintained a dividend payout of 12.5 per cent to 48.8 per cent over the past five years.

ENGAGING ACTIVELY WITH SHAREHOLDERS

In today's demanding investment climate with calls for better corporate governance, we recognise the significance of engaging and communicating effectively with shareholders, investors and other stakeholders. To achieve this aim, we use various communication channels to share and facilitate communication with existing and potential investors, financial analysts and the media. These channels include group briefings to analysts, investors and the media; one-to-one meetings with shareholders and potential investors; and the investor relations section of our corporate website. Some of our activities include the following:

ANNUAL GENERAL MEETING

One of the most important platforms to interact with investors is the annual general meeting (AGM), which is held every April. Besides providing a chance for investors to raise any issues and get clarification, the AGM also enables the Board of Directors and senior management team to respond directly to them. All Board members attend and answer questions from shareholders relating to the past, current and future directions of our Group's business, explain decisions made and tackle all concerns raised.

The Board of Directors and senior management take full advantage of the AGM to brief shareholders on our latest developments and provide an avenue 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 present to clarify matters raised. Shareholders may also submit written questions relating to the statutory audit report and we will respond in a timely manner to their questions.

ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS

As an organisation which aims to keep its stakeholders well-informed of the latest developments, we make it a priority to issue timely announcements on new contracts, strategic developments, financial results and other important information through the SGXNET website, press releases, email alerts and our investor-friendly website.

Our investor relations website is a key platform through which we broadcast our news to the investment community. It is a resource for corporate, financial and stock information, and announcements of important business developments. It also houses our quarterly results and annual reports. Since 2003, our website has featured webcasts comprising videos of full-year results messages plus presentation slides, thus enabling those who could not attend the AGMs to keep abreast of our latest financial and operational performances through the years.

All our announcements are posted immediately on our website, following its release to the SGX to ensure fair, equal and speedy dissemination of information.

In this way, all shareholders and investors can keep track of our latest business developments promptly and effectively.

ANALYST AND MEDIA BRIEFINGS

During the release of our quarterly results, the senior management team is present to meet with analysts to answer their questions and address any issues. Outside of the financial results announcement periods, where necessary and appropriate, the senior management team would also meet analysts and fund managers, who would like to better understand our operations.

Where appropriate and when opportunities arise, we also conduct media interviews to give shareholders and the public greater insights into our business and management's direction. We have also organised tours to some of our facilities for interested analysts and the media.

News about OKP have been featured 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.

ANNUAL REPORT

Our annual report is an important communication tool for stakeholders and other interested parties. Thus, we give special attention to ensure that the publication gives a precise and accurate snapshot 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 sent to shareholders at least 20 working days before the meeting. Our hard work has 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 a key and useful tool today to reach out to all our stakeholders. Thus, we take full advantage of technology by hosting an annual webcast to communicate with our investors, taking questions online via an Online Management Question-and-Answer forum with investors through Shareinvestor.com.

Through this forum, all shareholders and other interested parties will be able to email their feedback and queries to our management and be assured of a prompt response. Our website is frequently updated to provide the latest information on our operations and corporate developments.

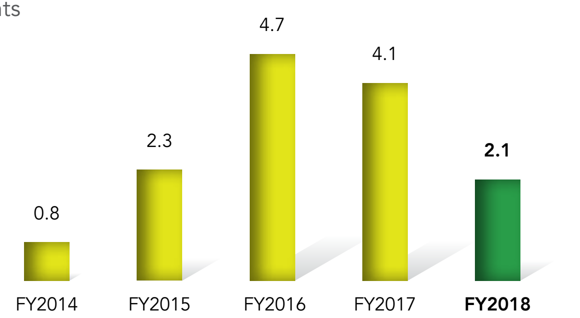
Small group analysts briefing.

INVESTOR RELATIONS

INVESTOR'S RATIO

BASIC EARNINGS PER ORDINARY SHARE

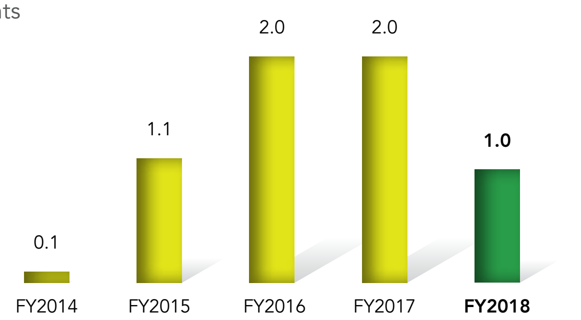
Cents



As a result of the decrease in profit after tax, basic earnings per ordinary share decreased from 4.1 cents in FY2017 to 2.1 cents in FY2018.

GROSS DIVIDEND PER ORDINARY SHARE

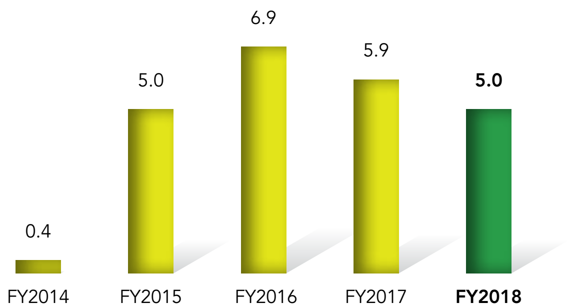
Cents



The Company is proposing a final dividend of 0.7 cent per share and a special dividend of 0.3 cent per share for FY2018 for the approval of shareholders at the forthcoming annual general meeting of the Company.

GROSS DIVIDEND YIELD

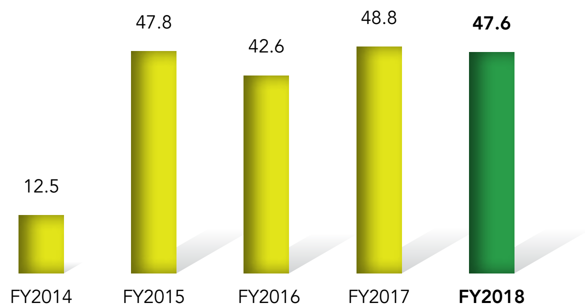
%



The gross dividend yield of 5.0 per cent is calculated based on the share price of 20.0 cents as at 31 December 2018.

GROSS DIVIDEND PAYOUT

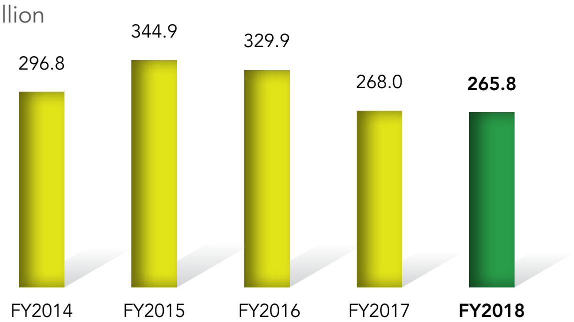
%



The Company is proposing a final dividend of 0.7 cent per share and a special dividend of 0.3 cent per share for FY2018 representing a dividend payout ratio of 47.6 per cent.

NET ORDER BOOK

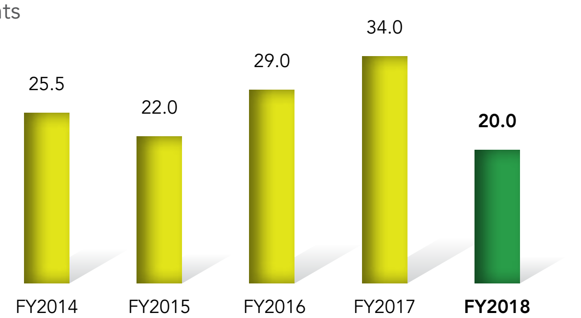
$ Million



The Group's net construction order book stood at $265.8 million, with revenue extending to 2023.

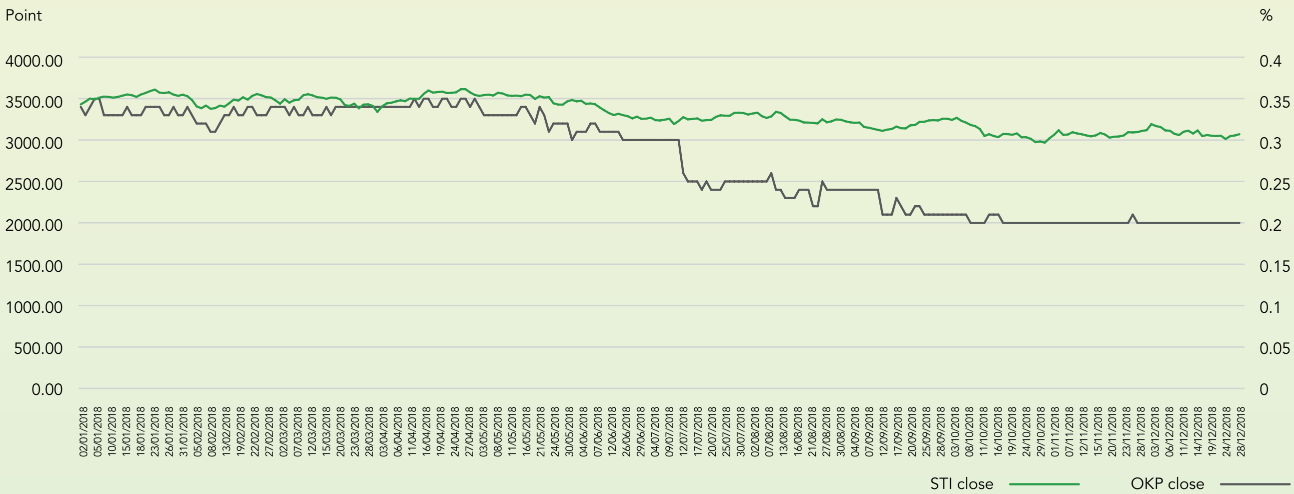
SHARE PRICE

Cents



The price of our shares closed at 20.0 cents as at 31 December 2018.

OKP SHARE PRICE VS ST INDEX 2018



	2014	2015	2016	2017	2018
Highest Price	$0.37	$0.26	$0.31	$0.45	**$0.35**
Lowest Price	$0.25	$0.19	$0.21	$0.29	**$0.29**
31 December Closing Price	$0.25	$0.22	$0.29	$0.34	**$0.20**

FINANCIAL CALENDAR

FY2019

27 February	Announcement of fourth quarter and full year results for financial year 2018
1 April	Despatch of Annual Report
29 April	Seventeenth Annual General Meeting Extraordinary General Meting
8 May	Books Closure for Dividend Entitlement
May	Announcement of first quarter results for financial year 2019
17 May	Payment of FY2018 Final and Special Dividends
July/August	Announcement of second quarter and half year results for financial year 2019
October/November	Announcement of third quarter and nine months results for financial year 2019

FY2018

12 February	Announcement of fourth quarter and full year results for financial year 2017
2 April	Despatch of Annual Report
26 April	Sixteenth Annual General Meeting Extraordinary General Meting
7 May	Announcement of first quarter results for financial year 2018
8 May	Books Closure for Dividend Entitlement
17 May	Payment of FY2017 Final and Special Dividends
6 August	Announcement of second quarter and half year results for financial year 2018
5 November	Announcement of third quarter and nine months results for financial year 2018

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.

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance (the 2018 Code) and accompanying Practice Guidance. The 2018 Code will apply to annual reports covering financial years commencing from 1 January 2019. The Group has reviewed and set out the corporate practices it has in place to comply with the 2018 Code, where appropriate, in this current annual report.

We have presented our corporate governance policies and practices on each of the principles of the 2018 Code in a tabular form, stipulating each principle and provision, and explaining any deviations from the 2018 Code and taking consideration the and Practice Guidance provided by the MAS.

The Board of Directors is pleased to confirm that for the financial year ended 31 December 2018, the Company has adhered to the principles and guidelines of the 2018 Code as well as the Listing Manual of the SGX-ST where appropriate.

1. BOARD MATTERS

The Board's Conduct of its 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 quarterly financial reports of the Company;
- Approving major investment and funding decisions;
- Reviewing the evaluation process on the adequacy 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 of the 2018 Code: Directors are fiduciaries who act objectively in the best interests of the company

Practice Guidance 1 of the 2018 Code: Board's role

One-third of the Board is made up of Independent Directors who are independent of the Management and substantial shareholders. 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.

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.

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 of the 2018 Code: 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, the SGX-ST, and business and financial institutions and consultants. All the costs are borne by the Company. During the financial year, some of the Directors attended the Corporate Governance Code Briefing conducted by the Singapore Institute of Directors.

Provision 1.2 of the 2018 Code: 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 of the 2018 Code: 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, and 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 of the 2018 Code: 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 of the 2018 Code: Disclosure on delegation of authority by Board to Board Committees

Practice Guidance 1 of the 2018 Code: Board organisation and support

CORPORATE GOVERNANCE REPORT (CONT'D)

The Board held four scheduled meetings in the financial year ended 31 December 2018. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

Provision 1.5 of the 2018 Code: Directors attend and actively participate in Board and board committee meetings

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2018 is disclosed below:-

	Board	Board Committees		
		Audit	Remuneration	Nominating
Number of scheduled meetings held	**4**	**4**	**1**	**1**
Name of Directors				
Mr Or Kim Peow	4	*4	*1	*1
Mr Or Toh Wat	4	*4	*1	*1
Mdm Ang Beng Tin	4	*4	*1	*1
Mr Or Kiam Meng	4	*4	*1	*1
Mr Oh Enc Nam	3	*3	*1	*1
Mr Or Lay Huat Daniel	4	*4	*1	*1
Dr Chen Seow Phun, John	4	4	1	1
Mr Nirumalan s/o Kanapathi Pillai	4	4	1	1
Mr Tan Boen Eng	4	4	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 communication 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. The Board has determined that a Director may hold up to 8 listed company board representations. None of the Directors of the Company sits on the boards of more than 8 listed companies.

Provision 1.5 of the 2018 Code: Directors with multiple board representatives give sufficient time and attention to the Company

Practice Guidance 1 of the 2018 Code: Multiple directorships

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 of the 2018 Code: Management to provide directors with complete, adequate and timely information prior to meetings

The Management provides members of the Board with quarterly 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 of the 2018 Code: 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, Securities and Futures Act and the Listing Manual of the SGX-ST. He also advises the Board on corporate governance matters. He is also the channel of communications between the Company and the SGX-ST.

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. There is a strong independent element on the Board, with Independent Directors constituting 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. It also allows the Board to interact and work with the Management through a constructive exchange of ideas and views to shape the strategic process.

Practice Guidance 2 of the 2018 Code: Director Independence

CORPORATE GOVERNANCE REPORT (CONT'D)

The independence of each Director is reviewed by the NC on an annual basis. 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 adopts the 2018 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 companies, 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 with a view to the best interests of the Company.

Provision 2.1 of the 2018 Code: NC adopts the definition of what constitute as "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 2018.

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 at least half 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 of the 2018 Code: Independent directors to make up a majority of the Board where Chairman is not independent and Independent 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 of 2018 Code: Proportion of independent 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 of the 2018 Code: 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 of the 2018 Code: Director competencies
Practice Guidance 2: Board diversity policy

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, the Board has one female member out of the nine members.

Practice Guidance 2: Director independence

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 exercise its discretion 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 considered independent, notwithstanding that they have served on the Board for more than nine years.

The Independent Directors met or communicated amongst themselves without the presence of the Management twice during FY2018.

Provision 2.5 of the 2018 Code: 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 of the 2018 Code: Chairman and CEO are separate persons

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

Provision 3.2 of the 2018 Code: Chairman's and CEO's role

Practice Guidance 1 of the 2018 Code: Scope of Director Duties

- 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.

Note:
(1) According to the 2018 Code, an "independent" Director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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 for which contact through the normal channels of the Group Chairman or Group MD has failed to resolve or for which such contact is inappropriate.

Provision 3.3 of the 2018 Code: Appointment of LID

Practice Guidance 2: Role of the LID

The Independent Directors, led by the LID, provide leadership in situation where the chairman is conflicted. The Independent Directors, led by the LID met or communicated amongst themselves without the presence of the other Directors twice during FY2018, and the LID provides any feedback to the Group Chairman after such meetings.

Provision 3.3 of the 2018 Code: LID to provide leadership in situation where chairman is conflicted

Practice Guidance 1 of the 2018 Code: Conflicts of interest

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 of the 2018 Code: The NC comprises at least three directors, majority of whom, are independent

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

Provision 4.1 of the 2018 Code: NC to make recommendation to the Board on relevant matters

- 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;
- The review of training and professional development programs 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.

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 least once every three years 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. Regulation 112 provides that each term of appointment of the Group MD shall not exceed five years. The NC reviews the training and professional development programmes for the Board.

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 of the 2018 Code: The Company discloses the process for the selection, appointment and re-appointment of directors to the Board

Practice Guidance 4 of the 2018 Code: Selection, appointment and re-appointment process

(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.

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 non-Executive Directors are independent.

Provision 4.4 of the 2018 Code: NC to determine director independence annually

Currently, the Company does not have alternate directors.

Practice Guidance 4 of the 2018 Code: 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 of the 2018 the Code: 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	84	Group Chairman	15 February 2002	24 April 2017
Mr Or Toh Wat	51	Group Managing Director	15 February 2002	26 April 2018
Mdm Ang Beng Tin	63	Executive Director	20 March 2002	26 April 2018
Mr Or Kiam Meng	54	Executive Director	20 March 2002	24 April 2017
Mr Oh Enc Nam	63	Executive Director	20 March 2002	18 April 2016
Mr Or Lay Huat Daniel	41	Executive Director	1 August 2006	18 April 2016
Dr Chen Seow Phun, John	65	Lead Independent Director	25 June 2002	24 April 2017
Mr Nirumalan s/o V Kanapathi Pillai	66	Independent Director	1 June 2005	26 April 2018
Mr Tan Boen Eng	86	Independent Director	25 June 2002	18 April 2016

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 Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng 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 of the 2018 the Code: 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.

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.

Provisions 5.1 and 5.2 and Practice Guidance 5 of the 2018 Code: Board to implement process to address how the Board's performance may be evaluated and disclose the process in annual report

(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 2018.

(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 2018.

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 2018.

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

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)

Provision 6.1 of the 2018 Code: The Board establishes RC to review and make recommendation

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 Directors.

Provision 6.2 of the 2018 Code: RC comprises at least three directors and majority of whom are independent

Practice Guidance 6 of the 2018 Code: There should be written terms of reference which clearly spell out authority and duties of the RC

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.

Provision 6.3 of the 2018 Code: RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

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 6.4 of the 2018 Code: The company discloses the engagement of any remuneration consultants

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.

Provision 7.1 of the 2018 Code: Proportion of remuneration is structured so as to link rewards to corporate and individual performance

Practice Guidance 7 of the 2018 Code: The Company's remuneration framework should be tailored to the specific role and circumstances of each director and key management personnel

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2018, variable or performance related income/bonus made up 23.0% to 30.0% of the total remuneration of each 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.

Currently, the Company does not have any long-term incentive schemes. However, the Company is proposing the adoption of the OKP Performance Share Scheme for the approval of the shareholders at the forthcoming Extraordinary General Meeting on 29 April 2019.

Provision 7.1 of the 2018 Code Long-term incentive schemes are encouraged

All Independent and non-Executive Directors have no service agreements with the Company. They are paid Directors' fees, which are proposed by the Board based on the effort, time spent and responsibilities of the Independent Directors. The Directors' fees are subject to approval by the shareholders at each AGM of the Company. The non-Executive Directors are not over-compensated to the extent that their independence may be compromised. Except as disclosed, the Independent and non-Executive Directors do not receive any remuneration from the Company.

Provision 7.2 of the 2018 Code: Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Provision 7.3 of the 2018 Code: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company

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 to remedies against the Directors in the event of such breach of fiduciary duties.

<u>**Disclosure on Remuneration**</u>

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.

Provisions 8.1, 8.2 and 8.3 of the 2018 Code: Remuneration of Directors and top 5 key management personnel

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.

For the financial year ended 31 December 2018, all the Executive Directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2018 is as follows:

The level and mix of remuneration of each Director for the financial year ended 31 December 2018

Remuneration Band & Name of Director	Base/ fixed salary *	Variable or performance related income/ bonuses	Directors' fees **	Directors' Allowance	Benefits-in-kind	Total
$500,000 to $749,999						
Mr Or Kim Peow	60.0%	23.0%	-	13.0%	4.0%	100.0%
$250,000 to $499,999						
Mr Or Toh Wat	55.0%	29.0%	-	12.0%	4.0%	100.0%
Mdm Ang Beng Tin	54.0%	30.0%	-	12.0%	4.0%	100.0%
Mr Or Kiam Meng	56.0%	30.0%	-	12.0%	2.0%	100.0%
Mr Oh Enc Nam	55.0%	30.0%	-	13.0%	2.0%	100.0%
Mr Or Lay Huat Daniel	55.0%	29.0%	-	13.0%	3.0%	100.0%
Below $250,000						
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 Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

The Group has three key management personnel (who are not Directors of the Company).

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 2018 is as follows:

The level and mix of remuneration of each key management personnel for the financial year ended 31 December 2018

Remuneration Band & Name of Key Executive	Base/fixed salary *	Variable or performance related income /bonuses	Benefits-in-kind	Total
$250,000 to $499,999				
Ms Ong Wei Wei	70.0%	27.0%	3.0%	100.0%
Mr Or Yew Whatt (1), (3)	63.0%	37.0%	-%	100.0%
Below $250,000				
Mr Oh Kim Poy (2), (3)	71.0%	29.0%	-%	100.0%

* Inclusive of allowances and Central Provident Fund contributions
*** The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

(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 2018 was $719,236 (FY2017: $697,392).

CORPORATE GOVERNANCE REPORT (CONT'D)

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 2018. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Provision 8.2 of the 2018 Code: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds $100,000

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 $100,000.

Currently, the Company does not have any employee share schemes. However, the Company is proposing the adoption of the OKP Performance Share Scheme for the approval of the shareholders at the forthcoming Extraordinary General Meeting on 29 April 2019.

Provision 8.3 of the 2018 Code Details of employees share schemes

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. In addition, the Company's approach to risk management is set out in the "Risk Assessment and Management" section on pages 116 to 123 of this Annual Report.

Provision 9.1 of the 2018 Code: The Board determines the nature and extent of the significant risks which the Company is willing to take

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 2018, 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.

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 quarterly 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 quarterly 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:

Provisions 9.2 (a) and 9.2 (b) of the 2018 Code: The Board received assurance from the CEO and CFO.

(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.

CORPORATE GOVERNANCE REPORT (CONT'D)

Based on (i) the Group's framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; (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 2018.

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 of the 2018 Code: The AC comprises at least three directors, and majority are independent

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.

Provision 10.1 of the 2018 Code: Duties 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 executive officer 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.

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 of the 2018 Code: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation

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 2018. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

Provision 10.4 of the 2018 Code: Primary reporting line of the internal audit function is to the AC

The AC met with the external auditors four times during the financial year ended 31 December 2018 and once in November 2018, 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 IA without the presence of the Management once during the financial year ended 31 December 2018.

Provision 10.5 of the 2018 Code: 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) of the 2018 Code: AC to review the adequacy, effectiveness, independence, scope and results of the external audit of the company

The fees payable by the Company to the external auditors for audit and non-audit services (namely, tax advice) amounted to $153,600 (2017:$139,000) and $36,000 (2017:$28,000) 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 2018 is the second year for which the current audit partner of Nexia TS Public Accounting Corporation is in charge of the audit of the Group.

CORPORATE GOVERNANCE REPORT (CONT'D)

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy in 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) of the 2018 Code: 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.

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 2018, 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 within the Company.

Practice Guidance 10 of the 2018 Code: A: 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 of the 2018 Code: 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.

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 of the 2018 Code: 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle 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 of the 2018 Code: 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 of the 2018 Code: All directors attend general meetings of shareholders

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 extraordinary general meetings 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 full Annual Report is despatched to all shareholders and is also available on the Company's corporate website or upon request. Notices of general meetings will also be published in the Business Times and/or other newspapers.

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 of the 2018 Code: 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.

Provision 11.5 of the 2018 Code: 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 of the 2018 Code: The Company has a dividend policy

Over the past five years, the Group has declared total annual dividends at the rate of approximately 12.5% to 48.8% of the net profit after tax based on the audited consolidated financial statements. 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 of the 2018 Code: Company communicates regularly with its 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 84 to 89 of this Annual Report.

Provisions 12.2 and 12.3 of the 2018 Code: 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 and contact details of the IR team via the Company's website. During the financial year ended 31 December 2018, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

The Company holds post-results briefings with analysts to announce the full year financial results annually. 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 conduct 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 medium 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 are 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 of the 2018 Code: 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, please refer to the Sustainability Report on pages 58 to 67 of this Annual Report.

Provision 13.2 of the 2018 Code: The Company discloses its strategy and key areas of focus in relation to the management of stakeholder relationships

CORPORATE GOVERNANCE REPORT (CONT'D)

The Company maintains a website at http://www.okph.com to communicate and enage with stakeholders.

Provision 13.3 of the 2018 Code: The Company maintains a corporate website

6. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The 2018 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. 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 2018 or if not then subsisting, entered into since the end of the financial year ended 31 December 2017.

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 meets quarterly to review if the Company will be entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the Board will ensure that the Company 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 2018. However, the following is disclosed for completeness:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year ended 31 December 2018 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) $'000	Aggregate value of all interested person transactions during the financial year ended 31 December 2018 conducted under shareholders' mandate pursuant to Rule 920 $'000
Proj.B Studio - Provision of architectural services to the Group	6	-

Note:

(a) Proj.B Studio is a business owned by Ms Biyi Oh, who is the daughter of Mr Oh Enc Nam, the Executive Director of OKP Holdings Limited.

9. UTILISATION OF PROCEEDS

Exercise of 61,139,186,802 warrants at $0.20 for each share as at 4 January 2013 raising net proceeds of $12.2 million

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

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

The unutilised proceeds are deposited with a bank pending deployment. 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 pages 106 to 107 of this Annual Report.

MEMBERS AND GOVERNANCE OF THE AUDIT COMMITTEE

The AC was formed on 12 July 2002 and comprises only 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 2017.

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 four times during the financial year ended 31 December 2018 and once in February 2019. During each of these meetings, the AC reviewed the quarterly 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 2018 is set out on pages xx to xx of this Annual Report.

SIGNIFICANT RISKS AND JUDGMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2018, 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
Revenue and costs recognition of construction and maintenance contracts	The AC considered the approach and assessed the reasonableness of the Management's estimates of costs to complete the contract. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to pages 128 and 129 of this Annual Report. 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 any foreseeable losses had been fully provided for in the financial statements.
Valuation of investment properties	The AC considered the approach and evaluated the qualifications and competence of the external valuers who have been engaged by the Management to determine the fair value of the Group's investment properties at the end of the financial year ended 31 December 2018. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to page 130 of this Annual Report. The AC was satisfied that the valuers' key inputs and assumptions used are within a reasonable range and industry norms.

Key audit matters	How the AC reviewed these matters and what decisions were made
Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East	The AC considered the appropriateness of the Management's judgement to determine the potential costs arising from the incident. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to page 131 of this Annual Report. The AC has assessed and concurred with the Management's assessment that the additional costs recorded for the financial year ended 31 December 2018 were reasonable.

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.

The AC is satisfied that the Group's internal audit function is independent, effective and adequately resourced.

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 2019.

Dr Chen Seow Phun, John
Chairman of the Audit Committee

15 March 2019

RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in 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 so as to provide reasonable assurance that risks are mitigated. We do this by proactively safeguarding 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 regularly to ensure that OKP responds promptly and efficiently to any change in market conditions and the Group's 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
Risks Related to Our Industry		
1.	**Dependence on the construction industry in Singapore**	
	We are exposed to cyclical fluctuations in the economy as the construction business depends largely on the health of the infrastructure market in Singapore. 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 reduce construction demand. This would invariably have an adverse effect on our business and financial performance.	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. 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 seek to diversify our earnings in order to mitigate against our dependence on Government spending in Singapore.
2.	**Impact from changes to applicable government policies**	
	Our services mainly relate 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. As we operate in Singapore, we are subject to the laws and regulations of the land including environmental regulations. Any change in government regulations in the course of a project, for example, increasing controls over worksite safety and building standards could result in OKP incurring additional costs to comply with the new regulations. 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 our Group. In the event of environmental regulations, OKP's operations are subject to various environmental laws in Singapore, which related mainly to the storage, discharge, handling, emission, general use and disposal of solid and hazardous waste and other toxic materials used during construction. In the case of violation of environmental regulatory requirements, our Group may incur fines, and face stop-work orders at our affected worksites. These actions may adversely impact OKP's business. All these actions could have an adverse effect on our project costs, financial performance and business.	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. We will maintain and comply with the various permits, authorisations and approvals required by various government agencies to ensure we run our operations smoothly.

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
3.	**Guidelines and regulations by the Building and Construction Authority (BCA)**	
	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 & Electrical (ME) Workheads, Maintenance Workheads (MW), Trade Heads (TR), Supply Workheads (SY), and Regulatory Workheads (RW). 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. 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. In the event that we are unable to maintain our BCA grading status, our Group 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.	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 improve our financial management where necessary.
4.	**Increased competition could adversely affect our competitive position**	
	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 secure new projects that are profitable. Should we fail to do so, our financial performance will be adversely affected. As we also face increased competition in the tender process, we may be placed in a position where we need to lower our tender prices in order to secure projects, and this could affect our profit margins. 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, thus intensifying competition. If our competitors are more aggressive in pricing or respond faster 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.	Price is often cited as a key factor affecting the award of a contract although experience, reputation, availability, equipment and safety record are just as important. We believe that OKP's strong expertise and vast experience in road construction and road maintenance put us in a strong position to tender competitively for both government and private sector projects. We have a long operating history and a good track record; and over the years, we have shown that we are able to deliver superior quality, value-added services on time and within budget.
5.	**Price fluctuations and availability of construction materials**	
	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. 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.	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 in the course of the project. These moves help to limit our exposure in the event of price fluctuations.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
6.	**Dependence on the performance of the property sector**	
	In Singapore, the property development industry is very 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 help them to bid at higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects. There is no assurance that our Group's business and operations in property development will be sustainable in the long term. 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.	Civil engineering and construction remain our core business. Although we plan to grow the property development business, it is not our key business.
7.	**Reliance on key personnel to develop and grow our business**	
	Our continued success is dependent to a large extent on our ability to retain the services of our key employees and put in place succession plans for young leaders to eventually take over the helm. The management and leadership team at OKP is robust. 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. Mr Or Kim Peow, who is the founding member of OKP, has more than 59 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. Group Managing Director, Mr Or Toh Wat, who has more than 27 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 33 years' experience and Mr Oh Enc Nam has more than 39 years' experience in the construction industry. Mdm Ang Beng Tin has more than 44 years of experience in administration and human resources. Our Group's success and growth 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. 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 their positions at OKP. If we need to increase staff compensation in order to attract and retain our existing key employees or hire any additional staff, there would be an adverse impact on our financial performance.	We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 41 years old, has gained much experience and knowledge since joining us in 2003. He is currently responsible for business development and corporate communications. 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. In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
8.	**Dependence on private sector clients for a portion of our revenue**	
	Over the years, we have tapped on the private sector increasingly for projects in order to lessen our reliance on the public sector. Since early 2006, we have undertaken a number of projects in the oil and gas industry in Singapore. This move sees us reducing our dependence on our public sector clients but it has also increased uncertainty over the timeliness of collection of trade receivables.	Our response to this 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.
9.	**Liability claims and disputes**	
	We are exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should we fail to complete any of the 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. 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.	With this in mind, we spare no effort to ensure that all projects are competently managed to the highest standards. One of the ways we do this is to provide staff with regular and relevant training.
10.	**Exposure to cost overruns**	
	Controlling costs is an important aspect of our business as cost overruns could erode our profit margin for a project. Should this occur, our overall profitability could be affected. The following scenarios are some examples of how a cost overrun could occur: (i) When incorrect estimations of costs are made during the tender stage; (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 (iii) When delays are experienced in the execution of projects.	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 efficiently.
11.	**Dependence on foreign workers and exposure to labour shortages or changes in labour policies**	
	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 largely on government policies and the general economic health of the host countries. In Singapore, the supply of foreign workers is subject to the policies imposed by 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.	Although we do face constraints in hiring foreign labour currently, we make every effort to retain those who are currently with us, for example, by enhancing their skills through periodic training and upgrading. In this way, we can also increase our productivity.
12.	**Dependence on professional and skilled staff**	
	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 critical during times when the labour market is tight.	We continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled staff and attract new recruits.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
13.	**Excessive warranty claims**	
	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. In the event that there are disproportionate warranty claims for rectification and repair works, our financial performance would be adversely affected.	With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past five financial years.
14.	**Financial risks**	
	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 subjected 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. With regard to 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.	More details on how we manage these risks are found on pages 197-208 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.
15.	**Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays**	
	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 or 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. If the completion of our projects is delayed, in particular, 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.	We have put in place a capable team of project managers to monitor the projects closely so as to ensure the smooth progress of the projects and to ensure that they are completed on time and within budget.
16.	**Safety hazards, especially in the oil and gas industry**	
	Safety is paramount for all our projects, and this is especially critical in worksites related to the oil and gas industry due to the nature of the operating environment. Our safety controls and guidelines adhere strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety policy is based mainly on identifying and applying safe workplace practices at all worksites, for our own as well as subcontractors' employees. We conduct regular health and safety seminars to inculcate a safety culture for people at all levels, including new recruits, particularly in the first six months of employment. We may be liable for fines and penalties if we breach workplace safety or regulatory requirements and, our operations and financial performance may be adversely affected as a result.	We have a pool of dedicated 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 procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety staff are prepared at all times and if industrial accidents happen. We are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
17.	**Subcontracting risks**	
	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. 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.	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.
18.	**Liability for any design defects or failure in the civil engineering works**	
	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 OKP'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. As at 31 December 2018, 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.	We make it a priority to work with reputable architects and engineers, especially those whom we have worked with for a long time or have been referred to us.
19.	**Accidents at our construction sites**	
	Even though we emphasise and have put in place 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. 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.	We have a team of experienced safety personnel onsite, who monitor closely the construction sites to ensure that workers comply with all safety standards.
20.	**Insurance coverage may not be adequate**	
	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. 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 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.	We review our insurance policies and coverage on a regular basis to ensure that all reasonably foreseeable losses or damages are covered by insurance.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
21.	**Delays in finalisation of the value of additional works under variation orders and certification of completed works by our customers**	
	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.	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.
22.	**Performance bond guarantee**	
	Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities. 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. 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. 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.	We seek to build good rapport with and win support from our banks so that they will provide sufficient bankers' guarantees to support newly awarded projects.
23.	**Successful bidding**	
	Our financial performance is dependent on our successful bidding for new projects and the non-cancellation of secured projects. 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 secure 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. 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.	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.

No	Description of Risks	Our Risk Management
Risks Related to Our Industry		
24.	**Risk associated with joint ventures**	
	We are subject to risks associated with joint ventures. We expect that we may, as a matter of business strategy, from time to time enter into construction projects through the formation of 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.	We have our legal advisor to review all our agreements and ensure the company is well-protected against risks such as defaults by joint venture partners.
25.	**General risk associated with doing business outside Singapore**	
	We have recently acquired our first overseas property, a freehold office complex in Perth, Australia. We are also exploring 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 law 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.	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 strive 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 the Group is well-protected against risks such as defaults by clients, partners or subcontractors.
26.	**Cyber security risk**	
	The Group is vulnerable to a wide range of risks, which are linked to its IT system, including interruptions to its network. With rising global incidences of cyber-attacks on many companies' servers and websites, it is mandatory to fortify and strengthen the security of the Group's IT systems and avoid any hacking or violation. Our operations can be interrupted by cyber-attacks and any cyber thefts of confidential and sensitive data could lead to litigation and financial losses.	We have put in place and strengthen the required IT controls and governance practices internally, including reinforcement of network security such as updating security patches to the system and encrypting workstations. We have also established relevant procedures to safeguard against loss of information, ensure data security; and enable our business operations to quickly recover from any IT crisis. We also provide regular training to heighten awareness of IT threats for our staff.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

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 134 to 212 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 2018 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 Pillay
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 31.12.2018	**As at 1.1.2018**	**As at 21.1.2019**	**As at 31.12.2018**	**As at 1.1.2018**	**As at 21.1.2019**
The Company						
No. of ordinary shares						
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 2018

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 31.12.2018	As at 1.1.2018	As at 21.1.2019	As at 31.12.2018	As at 1.1.2018	As at 21.1.2019
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 OPTIONS

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.

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 Pillay
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 auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;

AUDIT COMMITTEE (CONT'D)

- 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 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 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 four times during the financial year ended 31 December 2018 and once in November 2018 without the presence of the Management together with the internal auditor. 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.

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

15 March 2019

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 2018, 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 134 to 212.

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 in Singapore (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 2018 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) **Revenue and costs recognition of construction and maintenance contracts**
[Refer to Notes 2.17 (i) and 3 (iv)]

Area of focus

For the financial year ended 31 December 2018, revenue recognised from construction and maintenance segments in accordance with SFRS (I) 15 – Revenue from Contracts with Customers, amounted to $46,051,360 and $40,363,210 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.

Key Audit matters (cont'd)

(1) **Revenue and costs recognition of construction and maintenance contracts (cont'd)**
[Refer to Notes 2.17 (i) and 3 (iv)]

Area of focus (cont'd)

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.

We focused on recognition of construction revenue and costs as significant management assumptions, judgements and estimates 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.

How our audit addressed the area of focus

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;
    - 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.

The Group has adequate policies and procedures in place to review and assess its revenue recognition and provision for onerous loss–making contracts. We found the judgements exercised by the Group to be reasonable and disclosures to be appropriate.

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 2.7 and 10]

Area of focus

As at 31 December 2018, the carrying value of the Group's investment properties of $49,585,650 accounted for 27% of the Group's total assets.

For the investment property in Australia, the 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. 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 at the balance sheet date.

How our audit addressed the area of focus

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;

- Assessed the critical assumptions for the key inputs used in the valuation techniques, tested the integrity of information including underlying lease and financial information provided to the valuers and compared the discount and terminal capitalisation rates used against those used for similar properties; and

We found the valuation methodologies used to be in line with generally accepted market practices and the key assumptions used were within a reasonable range and industry norms. We also found the disclosures in the financial statements to be adequate.

Key Audit matters (cont'd)

(3) **Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East**
[Refer to Notes 2.23 and 36(iii)]

Area of focus

The Group has an on-going legal case arising from the collapse of a viaduct structure near Upper Changi Road East involving its subsidiary corporation, Or Kim Peow Contractors (Private) Limited in the financial year ended 31 December 2017.

As at 31 December 2018, the Group has not recognised provisions for the legal case as the quantum that may be involved in respect of the case is, as yet, undetermined, and would depend on events in the future.

We focused on this area as the eventual outcome of the legal case is uncertain and unexpected adverse outcome could impact the Group's results and financial position.

How our audit addressed the area of focus

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 with Group's lawyer and obtaining representation letter from lawyer to confirm our understanding of the on–going legal case;
- Considered whether any new factors had arisen subsequent to the financial year end that would impact the appropriateness of disclosures of contingent liabilities; and
- Considered the adequacy and appropriateness of the disclosures made in the financial statements.

We found the disclosures in the financial statements to be appropriate.

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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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.

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
15 March 2019

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
		31 December		1 January	31 December		1 January
	Note	2018	2017	2017	2018	2017	2017
		$	$	$	$	$	$
ASSETS							
Current assets							
Cash and cash equivalents	4	74,274,836	86,107,412	74,685,219	4,071,433	3,546,755	3,771,417
Trade and other receivables	5	3,597,871	9,487,177	13,610,264	12,537,047	11,913,857	10,106,864
Contract assets	6(b)	18,575,447	16,468,511	18,093,759	–	–	–
		96,448,154	112,063,100	106,389,242	16,608,480	15,460,612	13,878,281
Non–current assets							
Investments in subsidiary corporations	7	–	–	–	19,218,773	19,218,773	17,522,234
Investments in joint ventures	8	1,252,398	5,495,361	5,604,012	–	–	–
Investments in associated companies	9	3,461,629	3,174,494	973,194	–	–	–
Investment properties	10	49,585,650	7,199,830	5,080,000	–	–	–
Other receivables	11	13,493,398	16,600,744	24,025,774	8,795,785	16,846,939	18,193,878
Financial assets, available–for–sale	12	–	–	1,015,305	–	–	–
Property, plant and equipment	13	20,608,398	20,054,447	19,417,225	5,154,893	5,262,996	5,211,355
Intangible assets	15	1,789,180	1,737,192	1,712,135	3,203	6,403	9,600
		90,190,653	54,262,068	57,827,645	33,172,654	41,335,111	40,937,067
Total assets		186,638,807	166,325,168	164,216,887	49,781,134	56,795,723	54,815,348
LIABILITIES							
Current liabilities							
Trade and other payables	16	24,378,792	37,819,502	41,900,032	3,488,768	8,145,849	8,413,634
Contract liabilities	6(b)	–	262,853	1,839,968	–	–	–
Borrowings	17	2,074,481	1,066,991	1,119,801	–	–	–
Current income tax liabilities	29(b)	1,181,831	2,159,227	1,953,336	28,835	33,000	18,851
		27,635,104	41,308,573	46,813,137	3,517,603	8,178,849	8,432,485
Non–current liabilities							
Other payables	16	8,068,276	–	–	–	–	–
Borrowings	17	26,028,006	1,414,151	2,027,767	–	–	–
Deferred income tax liabilities	19	1,309,693	1,090,764	952,724	2,211	2,972	4,897
		35,405,975	2,504,915	2,980,491	2,211	2,972	4,897
Total liabilities		63,041,079	43,813,488	49,793,628	3,519,814	8,181,821	8,437,382
NET ASSETS		123,597,728	122,511,680	114,423,259	46,261,320	48,613,902	46,377,966
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	20	36,832,301	36,832,301	36,832,301	36,832,301	36,832,301	36,832,301
Other reserves	21	3,003,485	1,372,330	1,373,083	–	–	–
Retained profits	22	84,626,360	84,307,049	76,217,875	9,429,019	11,781,601	9,545,665
		124,462,146	122,511,680	114,423,259	46,261,320	48,613,902	46,377,966
Non–controlling interests	7	(864,418)	–	–	–	–	–
Total equity		123,597,728	122,511,680	114,423,259	46,261,320	48,613,902	46,377,966

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 $	Group 2017 $
Revenue	23	90,449,314	117,530,045
Cost of sales	24	(73,057,680)	(95,669,415)
Gross profit		17,391,634	21,860,630
Other (loss)/gain, net	25	(565,325)	646,363
Expenses			
– Administrative		(9,001,262)	(9,963,749)
– Finance	28	(1,133,303)	(76,308)
Share of (loss)/profit of associated companies and joint ventures	8,9	(120,610)	2,519,485
Profit before income tax		6,571,134	14,986,421
Income tax expense	29(a)	(924,762)	(2,270,748)
Net profit		5,646,372	12,715,673
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	21(b)(iii)	(46,768)	–
Financial assets, available–for–sale			
– Fair value gain	21(b)(i)	–	5,140
– Reclassification	21(b)(i)	–	(5,893)
Other comprehensive loss		(46,768)	(753)
Total comprehensive income		5,599,604	12,714,920
Profit attributable to:			
Equity holders of the company		6,487,923	12,715,673
Non–controlling interests		(841,551)	–
		5,646,372	12,715,673
Total comprehensive income attributable to:			
Equity holders of the company		6,464,071	12,714,920
Non–controlling interests		(864,467)	–
		5,599,604	12,714,920
Earnings per share attributable to equity holders of the Company (cents per share)	30		
– Basic		2.10	4.12
– Diluted		2.10	4.12

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to equity holders of the Company								
	Note	Share capital $	Fair value reserve $	Capital reserve $	Asset revaluation reserve $	Currency translation reserve $	Retained profits $	Total $	Non–controlling interests $	Total equity $
2018										
Beginning of financial year		36,832,301	–	–	1,372,330	–	84,307,049	122,511,680	–	122,511,680
Profit for the year		–	–	–	–	–	6,487,923	6,487,923	(841,551)	5,646,372
Other comprehensive loss for the year		–	–	–	–	(23,852)	–	(23,852)	(22,916)	(46,768)
Total comprehensive income for the year		–	–	–	–	(23,852)	6,487,923	6,464,071	(864,467)	5,599,604
Incorporation of a subsidiary corporation		–	–	–	–	–	–	–	49	49
Fair value adjustment on interest–free loan		–	–	1,655,007	–	–	–	1,655,007	–	1,655,007
Dividends	31	–	–	–	–	–	(6,168,612)	(6,168,612)	–	(6,168,612)
End of financial year		36,832,301	–	1,655,007	1,372,330	(23,852)	84,626,360	124,462,146	(864,418)	123,597,728
2017										
Beginning of financial year		36,832,301	753	–	1,372,330	–	76,217,875	114,423,259	–	114,423,259
Profit for the year		–	–	–	–	–	12,715,673	12,715,673	–	12,715,673
Other comprehensive loss for the year		–	(753)	–	–	–	–	(753)	–	(753)
Total comprehensive income for the year		–	(753)	–	–	–	12,715,673	12,714,920	–	12,714,920
Dividends	31	–	–	–	–	–	(4,626,499)	(4,626,499)	–	(4,626,499)
End of financial year		36,832,301	–	–	1,372,330	–	84,307,049	122,511,680	–	122,511,680

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Net profit		5,646,372	12,715,673
Adjustments for:			
– Income tax expense	29(a)	924,762	2,270,748
– Depreciation of property, plant and equipment	26	3,427,549	2,796,476
– Amortisation of intangible assets	26	17,254	14,943
– Net loss on disposal of financial assets, available–for–sale	25	–	14,552
– Fair value loss on investment properties	25	1,873,092	150,000
– Net gain on disposal of property, plant and equipment	25	(122,169)	(7,264)
– Loss on disposal of investment in associated company	25	57,563	–
– Foreign exchange differences		(142,145)	–
– Share of loss/(profit) of investments accounted for using equity method	8,9	120,610	(2,519,485)
– Interest income	25	(1,450,537)	(789,020)
– Interest expense	28	1,133,303	76,308
Operating cash flow before working capital changes		11,485,654	14,722,931
Changes in working capital:			
– Trade and other receivables		2,050,480	9,568,211
– Contract assets		(2,106,936)	31,990
– Contract liabilities		(262,853)	–
– Trade and other payables		(13,440,710)	(5,657,645)
Cash (used in)/generated from operations		(2,274,365)	18,665,487
– Interest received		1,450,537	753,075
– Income tax paid	29(b)	(1,679,638)	(1,926,817)
Net cash (used in)/provided by operating activities		(2,503,466)	17,491,745
Cash flows from investing activities			
– Additions to property, plant and equipment		(1,522,581)	(2,934,747)
– Additions to intangible assets		(69,242)	(40,000)
– Additions to investment properties		(46,330,288)	(2,269,830)
– Investment in an associated company		(450,000)	–
– Proceeds from disposal of property, plant and equipment		193,501	34,813
– Disposal of financial assets, available–for–sale		–	1,000,000
– Advance to associated companies		(5,464,999)	–
– Repayment of loans by a associated company		8,500,000	–
– Repayment of loans by a joint venture		3,851,866	2,000,000
– Dividends received from a joint venture	8	4,300,000	2,000,000
– Interest received		–	35,945
Net cash used in investing activities		(36,991,743)	(173,819)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flows from financing activities			
– Repayment of finance lease liabilities		–	(1,192,926)
– Repayment of lease liabilities		(1,578,336)	–
– Advance from a non–controlling interests		10,314,215	–
– Proceeds from borrowings		26,337,510	–
– Repayment of borrowings		(389,480)	–
– Interest paid		(899,351)	(76,308)
– Dividends paid to equity holders of the Company	31	(6,168,612)	(4,626,499)
– Bank deposits pledged		(487,882)	17,500
– Subscription of shares in a subsidiary corporation by non–controlling interests		49	–
Net cash provided by/(used in) financing activities		27,128,113	(5,878,233)
Net (decrease)/increase in cash and cash equivalents		(12,367,096)	11,439,693
Cash and cash equivalents			
Beginning of financial year		81,551,498	70,111,805
Effects of currency translation on cash and cash equivalents		46,638	–
End of financial year	4	69,231,040	81,551,498

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018 were authorised for issue in accordance with a resolution of the Board of Directors of OKP Holdings Limited on 15 March 2019.

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 7 to the financial statements.

The Company's immediate and ultimate holding corporation is Or Kim Peow Investments Pte. Ltd., incorporated in Singapore.

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 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First–time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. Management has assessed these optional exceptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Company's financial statements prepared under SFRS.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of SFRS(I) (cont'd)

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Business combinations

SFRS(I) 3 Business Combinations has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1–21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

(ii) Short–term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short–term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017.

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. As a result of the assessment, no significant adjustments to the Group's balance sheet line items.

The following financial assets were subjected to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables and contract assets recognised under SFRS(I) 15; and
- Loans to related parties and other receivables at amortised cost.

Management assessed and no significant provision for impairment for the above financial assets arising from the application of the expected credit loss impairment model.

(iii) Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of SFRS(I) (cont'd)

(b) Presentation of contract assets and liabilities

The Group has changed the presentation of certain amounts in the balance sheet as at 31 December 2017 on adopting SFRS(I) 15 as follows:

	As at 31 December 2017 reported under SFRS $	Effects of applying SFRS(I) 15 $	As at 31 December 2017 and 1 January 2018 under SFRS(I) $
Construction contract work–in–progress	1,470,195	(1,470,195)	–
Trade and other receivables	24,485,493	(14,998,316)	9,487,177
Contract assets	–	16,468,511	16,468,511
Contract liabilities	–	262,853	262,853
Trade and other payables	38,082,355	(262,853)	37,819,502

2.3 Early adoption of SFRS(I) 16 Leases

The Group has applied early adoption of SFRS(I) 16 Leases for the current financial year although compliance with this standard is mandatory only with effect from the financial year beginning from 1 January 2019.

The Group leases various motor vehicles, certain plant and machinery, residential space, office units and workshop and dormitory, land and equipment. Rental contracts are typically made for fixed periods of 1 to 6 years but may have extension options as described in Note 2.16. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group has adopted SFRS(I) 16 Leases retrospectively from 1 January 2018 but has not restated comparatives for the 2017 reporting year as permitted under the specific transition provisions in the standard.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of SFRS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2018. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2018 was 5.33%.

	Group $
Operating lease commitments disclosed as at 31 December 2017	2,252,821
Discounted using the group's incremental borrowing rate of 5.33%	(222,634)
Less:	
– short–term leases recognised on a straight–line basis as expense	(1,029,274)
– low–value leases recognised on a straight–line basis as expense	(99,130)
Present value of the remaining lease payments	901,783
Add: finance lease liabilities recognised as at 31 December 2017 (Note 18)	2,481,142
Lease liabilities recognised as at 1 January 2018	3,382,925

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Early adoption of SFRS(I) 16 Leases (cont'd)

The associated right–of–use assets for plant and machineries and motor vehicles leases were measured on a retrospective basis as if the new rules had always been applied. Other right–of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2017.

2.4 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (cont'd)

(i) Subsidiary corporations (cont'd)

(b) Acquisitions (cont'd)

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 on acquistion" 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.

(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 but not exceeding 50%.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (cont'd)

(iii) Associated companies and joint ventures (cont'd)

(a) Acquisitions

Investments in associated companies and joints 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.

(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.

2.5 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.

(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:

	Useful Lives
Buildings	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.

(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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Intangible assets

(i) Goodwill on acquisitions

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.

2.7 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 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.

2.9 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available–for–sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non–current assets. Loans and receivables are presented as "trade and other receivables" (Notes 5 and 11) and "cash and cash equivalents" (Note 4) on the balance sheet.

(b) Available–for–sale financial assets

Available–for–sale financial assets are non–derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non–current asset unless management intends to dispose of the asset within 12 months after the balance sheet date.

(ii) 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 financial asset, 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.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Available–for–sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available–for–sale financial assets are recognised separately in income. Changes in the fair values of available–for–sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available–for–sale equity securities (i.e non–monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

The accounting for financial assets before 1 January 2018 are as follows: (cont'd)

(v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(a) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(b) Available–for–sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(v)(a), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available–for–sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

The accounting for financial assets from 1 January 2018 are as follows:

(vi) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

– 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

The accounting for financial assets from 1 January 2018 are as follows: (cont'd)

(vi) Classification and measurement (cont'd)

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.

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 and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- 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 and losses".

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

The accounting for financial assets from 1 January 2018 are as follows: (cont'd)

(vi) Classification and measurement (cont'd)

At subsequent measurement (cont'd)

(b) Equity instruments

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 and losses". Dividends from equity investments are recognised in profit or loss as "dividend income".

(vii) 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, lease 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.

(viii) 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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (i) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

2.13 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.

Borrowing costs are recongised in profit or loss using the effective interest method.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases

The accounting for leases before 1 January 2018 are as follows:

(i) When the Group is the lessee

The Group leases motor vehicles and certain plant and machinery under finance leases and land and office equipment under operating leases from non–related parties.

(a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and machinery and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight–line basis over the period of the lease.

(b) Lessor – Operating leases

Leases of investment properties 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.

The Group leases residential space, office units and workshop and dormitory under operating leases to non–related parties.

The accounting for leases from 1 January 2018 are as follows:

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (cont'd)

The accounting for leases from 1 January 2018 are as follows: (cont'd)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in–substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate.

Right–of–use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short–term leases and leases of low–value assets are recognised on a straight–line basis as an expense in profit or loss. Short–term leases are leases with a lease term of 12 months or less.

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 terms 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Revenue recognition (cont'd)

(i) Revenue from construction and maintenance contracts (cont'd)

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 cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these cost 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.

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 operating leases (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.

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.

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 2018

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.

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 productivity and innovative 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 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.

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.

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 translation 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.

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 income".

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:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) 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

(iii) 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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

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.

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.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(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 2018 were $20,608,398 (2017: $20,054,447). 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 $275,770 (2017: $304,465) respectively.

(iii) Impairment of property, plant and equipment

For the financial year ended 31 December 2018, the carrying amounts of property, plant and equipment were $20,608,398 (2017: $20,054,447). 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.

4 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Cash at bank and on hand	25,824,063	27,174,381	16,109,740	3,367,201	2,866,534	3,041,666
Short–term bank deposits	48,450,773	58,933,031	58,575,479	704,232	680,221	729,751
	74,274,836	86,107,412	74,685,219	4,071,433	3,546,755	3,771,417

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 CASH AND CASH EQUIVALENTS (CONT'D)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Cash and cash equivalents (as above)	74,274,836	86,107,412	74,685,219
Less: Bank deposits pledged	(5,043,796)	(4,555,914)	(4,573,414)
Cash and cash equivalents per consolidated statement of cash flows	69,231,040	81,551,498	70,111,805

Short–term bank deposits of $5,043,796 (2017: $4,555,914) are pledged to banks for banking facilities of certain subsidiary corporations.

5 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Trade receivables						
– Non–related parties	953,396	1,809,150	9,135,104	1,776	–	–
– Subsidiary corporations	–	–	–	7,347,350	11,844,950	10,036,000
	956,396	1,809,150	9,135,104	7,349,126	11,844,950	10,036,000
– Retentions	336,499	1,795,959	2,134,511	–	–	–
Non–trade receivables						
– Subsidiary corporations	–	–	–	5,835,410	725,542	729,115
– Associated companies	3,210	–	–	–	–	–
– Joint venture	4,815	1,605	6,420	–	–	–
– Non–related parties	521,361	101,804	105,154	–	–	3,944
	529,386	103,409	111,574	5,835,410	725,542	733,059
Less: Allowance for impairment of receivables (Note 33(ii)(b))	–	–	–	(687,863)	(687,863)	(687,863)
Non–trade receivables – net	529,386	103,409	111,574	5,147,547	37,679	45,196
Loan to joint venture	–	3,851,866	–	–	–	–
Advance to supplier	268,016	72,000	386,000	–	–	–
Deposits	720,107	1,161,865	955,657	6,531	6,531	6,530
Prepayments	790,467	692,928	887,418	33,843	24,697	19,138
	3,597,871	9,487,177	13,610,264	12,537,047	11,913,857	10,106,864

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

The loan to joint venture was unsecured and interest–free, and was settled during the financial year. The loan was recognised initially at fair value. The differences between the fair value and the absolute loans' amount represent capital contribution to the joint venture.

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 and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	Over time $
2018	
Construction and maintenance	
– Singapore (Note 23)	86,414,570
2017	
Construction and maintenance	
– Singapore (Note 23)	117,293,924

(b) *Contract assets and liabilities*

	Group		
	31 December		1 January
	2018 $	2017 $	2017 $
Contract assets			
– Construction and maintenance contracts	18,575,447	16,468,511	18,093,759
Contract liabilities			
– Construction and maintenance contracts	–	262,853	1,839,968

The contract assets balance increased as the Group performed more works but the related invoices have not yet been issued.

The contract liabilities balance decreased due to utilisation of advances received from customers.

(i) Revenue recognised in relation to contract liabilities

	Group	
	2018 $	2017 $
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period	262,853	1,577,115

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Contract assets and liabilities (cont'd)

(ii) Unsatisfied performance obligations

	Group		
	31 December		**1 January**
	2018	**2017**	**2017**
	$	**$**	**$**
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December			
– Construction	144,324,892	–*	–*
– Maintenance	14,337,513	–*	–*
	158,662,405	–*	–*

* As permitted under the transitional provisions in the SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

Management expects that 49% of the transaction price allocated to the unsatisfied performance obligations as of 31 December 2018 may be recognised as revenue during the next reporting period ($77,701,082). The remaining 40% and 11% ($62,993,716 and $ 17,967,607) may be recognised in the financial year ended 31 December 2020 and 2021 respectively. The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company		
	31 December		**1 January**
	2018	**2017**	**2017**
	$	**$**	**$**
Equity investments at cost			
Beginning and end of financial year	17,632,234	17,632,234	17,632,234
Allowance for impairment			
Beginning and end of financial year	(110,000)	(110,000)	(110,000)
Loan to a subsidiary corporation			
Beginning of financial year	1,696,539	–	–
Notional fair value of loan, representing additional capital contribution [(a)]	–	1,696,539	–
End of financial year	1,696,539	1,696,539	–
	19,218,773	19,218,773	17,522,234

(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.

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017:

	Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group
	Held by the Company			
#	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%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

In addition, the Group incorporated the following subsidiary corporations during financial year 2018:

Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by the Non–controlling interest
Held by OKP Land Pte Ltd				
# Raffles Prestige Capital Pte Ltd	Investment holding	Singapore	51%	49%
Held by Raffles Prestige Capital Pte.Ltd.				
@ Bennet WA Investment Pty Ltd	Property Investment	Australia	51%	49%

\# Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International
@ Audited by Nexia Perth Services Pty Ltd
* Dormant company
& On 14 July 2015, OKP (Oil & Gas) Infrastructure Pte Ltd was granted a licence to operate a representative foreign construction service company in Jakarta, Indonesia. The said licence was valid until 8 July 2018 and there is no intention to renew the licence.

Carrying value of non-controlling interest

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Raffles Prestige Capital Pte Ltd and its subsidiary corporation	864,418	–	–

There were no transactions with non–controlling interests for the financial year ended 31 December 2018.

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

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.

	As at 31 December 2018 $
Summarised balance sheet	
Current	
Assets	2,251,440
Liabilities	(2,026,268)
Total current net assets	225,172
Non–current assets	
Assets	41,755,650
Liabilities	(40,367,380)
Total non–current net assets	1,388,270
Net assets	1,613,442

	For the financial year ended 31 December 2018 $
Summarised income statement	
Loss before income tax	(1,620,456)
Income tax expenses	(96,995)
Loss from continuing operations	(1,717,451)
Other comprehensive loss	(46,768)
Total comprehensive loss	(1,764,219)
Total comprehensive loss allocated to non–controlling interests	(864,467)
Summarised cash flows	
Net cash provided by operating activities	2,082,026
Net cash used in investing activities	(44,258,913)
Net cash provided by financing activities	43,507,874
Net increase in cash and cash equivalents	1,330,987
Cash and cash equivalents at date of incorporation	100
Cash and cash equivalents at end of financial year	1,331,087

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 INVESTMENTS IN JOINT VENTURES

	Group 2018 $	Group 2017 $
Interests in joint ventures		
Beginning of financial year	5,495,361	5,604,012
Share of profit of joint venture	57,037	1,989,931
Notional fair value of loan (net)	–	(98,582)
Dividend received	(4,300,000)	(2,000,000)
End of financial year	1,252,398	5,495,361

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	% of ownership interest 31 December 2018	% of ownership interest 31 December 2017	% of ownership interest 1 January 2017
Held by subsidiary corporations					
Incorporated joint ventures					
CS–OKP Construction and Development Pte Ltd [(a) (1)]	Design, construction and execution of urban development (including road infrastructure)	Singapore	50%	50%	50%
Forte Builder Pte Ltd [(b) (2)]	Business of general construction	Singapore	50%	50%	50%
Lakehomes Pte Ltd [(c) (3)]	Property development	Singapore	10%	10%	10%
Unincorporated joint ventures					
Chye Joo–Or Kim Peow JV [(d) (4)]	Business of general construction	Singapore	50%	50%	50%

(a) Audited by Heng Lee Seng LLP
(b) Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International
(c) Audited by Ernst & Young LLP
(d) Registered on 4 May 2015 and not required to be audited under the laws of incorporation

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

(1) CS–OKP Construction and Development Pte Ltd ("CS–OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 31 December 2018. CS–OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly–owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of $100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of $50,000 (2017: $50,000) in CS–OKP.

(2) On 8 December 2010, Or Kim Peow Contractors (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.

(3) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of $1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly–owned subsidiary corporation, has a 10% equity interest at a cost of $100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures

Set out below are the summarised unaudited 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 $	Other joint ventures $	Total $
2018				
Revenue	2,865,400	27,950,994	–	30,816,394
Interest income	199,319	–	12,993	212,312
Miscellaneous income	–	–	16	16
Expenses	(2,958,118)	(27,813,491)	(29,159)	(30,800,768)
Includes:				
– Cost of sales	(2,833,421)	(27,811,209)	–	(30,644,630)
Profit/(loss) before income tax	**106,601**	**137,503**	**(16,150)**	**227,954**
Income tax expense	(143,000)	–	–	(143,000)
Total comprehensive (loss)/income	**(36,399)**	**137,503**	**(16,150)**	**84,954**
Dividends received from joint ventures	**4,000,000**	**–**	**300,000**	**4,300,000**
2017				
Revenue	250,926,685	50,688,263	1,627,011	303,241,959
Interest income	300,033	–	31,178	331,211
Miscellaneous income	–	–	982	982
Expenses	(229,223,886)	(50,436,322)	(1,550,453)	(281,210,661)
Includes:				
– Cost of sales	(227,303,212)	(50,434,762)	(1,521,256)	(279,259,230)
– Interest expense	(1,771,819)	–	–	(1,771,819)
Profit before income tax	**22,002,832**	**251,941**	**108,718**	**22,363,491**
Income tax expense	(3,874,741)	–	(6,417)	(3,881,158)
Total comprehensive income	**18,128,091**	**251,941**	**102,301**	**18,482,333**
Dividends received from joint venture	**–**	**–**	**2,000,000**	**2,000,000**

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at

	Lakehomes Pte Ltd $	Chye Joo–Or Kim Peow JV $	Other joint ventures $	Total $
31 December 2018				
Current assets	**18,565,518**	**5,173,418**	**1,116,361**	**24,855,297**
Includes:				
– Cash and cash equivalents	18,221,812	746,361	1,016,046	19,984,219
– Trade and other receivables	343,706	4,427,057	100,315	4,871,078
Current liabilities	**(14,360,646)**	**(4,567,595)**	**(58,351)**	**(18,986,592)**
Includes:				
– Trade and other payables	(14,360,646)	(4,567,595)	(56,405)	(18,984,646)
Net assets	**4,204,872**	**605,823**	**1,058,010**	**5,868,705**
31 December 2017				
Current assets	**106,521,466**	**2,626,261**	**1,729,090**	**110,876,817**
Includes:				
– Cash and cash equivalents	19,126,853	674,467	1,628,720	21,430,040
– Trade and other receivables	85,205,192	1,951,794	100,370	87,257,356
– Development property	2,189,421	–	–	2,189,421
Current liabilities	**(56,985,209)**	**(2,157,943)**	**(54,940)**	**(59,198,092)**
Includes:				
– Loan from joint venture partners	(38,518,655)	–	–	(38,518,655)
– Trade and other payables	(18,466,554)	(2,157,943)	(47,435)	(20,671,932)
Net assets	**49,536,257**	**468,318**	**1,674,150**	**51,678,725**
1 January 2017				
Current assets	**277,990,972**	**3,319,182**	**11,984,737**	**293,294,891**
Includes:				
– Cash and cash equivalents	4,931,188	338,892	4,763,375	10,033,455
– Trade and other receivables	20,389	2,980,290	7,221,362	10,222,041
– Development property	273,039,395	–	–	273,039,395
Current liabilities	**(179,242,806)**	**(3,102,805)**	**(6,412,888)**	**(188,758,499)**
Includes:				
– Trade and other payables	(7,536,202)	(3,102,805)	(6,411,094)	(17,050,101)
Non–current liabilities	**(67,143,940)**	**–**	**–**	**(67,143,940)**
Includes:				
– Loan from joint venture partners	(57,532,835)	–	–	(57,532,835)
Net assets	**31,604,226**	**216,377**	**5,571,849**	**37,392,452**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 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 $	Other joint ventures $	Total $
2018				
Net assets				
Beginning of financial year	49,536,257	468,318	1,674,150	51,678,725
Total comprehensive income	(36,399)	137,503	(16,150)	84,954
Dividend paid	(40,000,000)	–	(600,000)	(40,600,000)
Change in contributed capital reserve	(5,294,927)	–	–	(5,294,927)
End of financial year	4,204,931	605,821	1,058,000	5,868,752
Interest in joint venture (10%; 50%; 50%)	420,493	302,911	529,000	1,252,404
Others	(6)	–	–	(6)
Carrying value	420,487	302,911	529,000	1,252,398
2017				
Net assets				
Beginning of financial year	31,604,226	216,377	5,571,849	37,392,452
Total comprehensive income	18,128,091	251,941	102,301	18,482,333
Dividend paid	–	–	(4,000,000)	(4,000,000)
Change in contributed capital reserve	(196,060)	–	–	(196,060)
End of financial year	49,536,257	468,318	1,674,150	51,678,725
Interest in joint venture (10%; 50%; 50%)	4,953,626	234,159	837,075	6,024,860
Others	(529,499)	–	–	(529,499)
Carrying value	4,424,127	234,159	837,075	5,495,361

9 INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2018 $	Group 2017 $
Beginning of financial year	3,174,494	973,194
Additions [3]	450,000	–
Notional fair value of loan, representing additional capital contribution [a]	14,782	1,671,746
Share of (loss)/profit of associated companies	(177,647)	529,554
End of financial year	3,461,629	3,174,494

(a) The loan to an associated company 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 associated company and is recorded as part of investments in associated companies.

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Set out below are the associated companies of the Group as at 31 December 2018, 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	Equity holding 31 December 2018	31 December 2017	1 Jan 2017
Held by subsidiary corporations					
CS Amber Development Pte Ltd [(a) (1)]	Property development	Singapore	10%	10%	10%
United Singapore Builders Pte Ltd [(b) (2)]	General contractors	Singapore	–	25%	25%
Chong Kuo Development Pte Ltd [(c) (3)]	Property development	Singapore	22.5%	–	–
USB Holdings Pte Ltd [(b) (4)]	Investment Holding and Property development	Singapore	25%	–	–
Held by USB Holdings Pte Ltd					
United Singapore Builders Pte Ltd [(b) (2)]	General contractors	Singapore	100%	–	–
USB (Phoenix) Pte Ltd [(b) (5)]	Property development	Singapore	100%	–	–

(a) Audited by Heng Lee Seng LLP
(b) Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International
(c) Audited by Ernst & Young LLP

(1) On 27 June 2012, OKP Land Pte Ltd ("OKPL"), a wholly–owned subsidiary corporation, entered into an investment agreement with CS Amber Development Pte Ltd ("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).

(2) 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 the capitalisation of its advance to USB and hence, its shareholding in USB increased to 750,000 shares. The shareholding percentage remains unchanged at 25% of the total issued and paid–up capital in USB.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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

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

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

Summarised financial information for associated companies

Set out below are the summarised unaudited 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

	CS Amber Development Pte Ltd $	USB Group* $	Chong Kuo Development Pte Ltd $	Total $
2018				
Revenue	20,301,130	9,863,499	–	30,164,629
Interest income	297,666	51,657	2,353	351,676
Other income	30,512	325,786	–	356,298
Expenses	(18,423,795)	(10,124,282)	(1,243,621)	(29,791,698)
Includes:				
– Cost of sales	(15,588,257)	(9,850,608)	–	(25,438,865)
– Interest expense	(1,954,179)	–	(252,480)	(2,206,659)
Profit/(loss) before income tax	**2,205,513**	**116,660**	**(1,241,268)**	**1,080,905**
Income tax expense	–	212,845	–	212,845
Total comprehensive income/(loss)	**2,205,513**	**329,505**	**(1,241,268)**	**1,293,750**

* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised statement of comprehensive income for the financial years ended 31 December (cont'd)

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
2017			
Revenue	132,070,863	51,118,138	183,189,001
Interest income	55,800	44,338	100,138
Other income	57,116	–	57,116
Expenses	(128,894,885)	(48,950,515)	(177,845,400)
Includes:			
– Cost of sales	(126,041,340)	(48,698,123)	(174,739,463)
– Interest expense	(1,663,217)	(10,433)	(1,673,650)
Profit before income tax	3,288,894	2,211,961	5,500,855
Income tax expense	–	(93,742)	(93,742)
Total comprehensive income	3,288,894	2,118,219	5,407,113

Summarised balance sheet

	CS Amber Development Pte Ltd $	USB Group* $	Chong Kuo Development Pte Ltd $	Total $
31 December 2018				
Current assets	**154,190,657**	**19,034,330**	**51,675,102**	**224,900,089**
Includes:				
– Cash and cash equivalents	46,755,173	6,143,496	1,631,554	54,530,223
– Trade and other receivables	13,746,260	12,890,834	54,425	26,691,519
– Development property	93,689,224	–	49,989,123	143,678,347
Non–current assets	**1**	**19,297,002**	**–**	**19,297,003**
Includes:				
– Property, plant and equipment	1	262,673	–	262,674
Current liabilities	**(9,234,096)**	**(6,485,131)**	**(1,025,595)**	**(16,744,822)**
Includes:				
– Trade and other payables	(9,234,096)	(6,485,131)	(1,025,595)	(16,744,822)
Non–current liabilities	**(151,804,902)**	**(12,362,363)**	**(48,199,468)**	**(212,366,733)**
Includes:				
– Shareholders' loan	(111,804,902)	(12,362,363)	(15,461,176)	(139,628,441)
– Borrowings	(40,000,000)	–	(32,738,292)	(72,738,292)
Net (liabilities)/assets	**(6,848,340)**	**19,483,838**	**2,450,039**	**15,085,537**

* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised balance sheet (cont'd)

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
31 December 2017			
Current assets	**270,532,425**	**17,864,962**	**288,397,387**
Includes:			
– Cash and cash equivalents	128,765,609	13,654,098	142,419,707
– Trade and other receivables	22,043,137	2,200,967	24,244,104
– Development property	119,723,679	–	119,723,679
Non–current assets	**–**	**485,352**	**485,352**
Includes:			
– Property, plant and equipment	–	485,352	485,352
Current liabilities	**(7,242,363)**	**(12,460,518)**	**(19,702,881)**
Includes:			
– Trade and other payables	(7,242,363)	(12,114,414)	(19,356,777)
– Borrowings	–	(167,258)	(167,258)
Non–current liabilities	**(276,204,902)**	**(109,059)**	**(276,313,961)**
Includes:			
– Shareholders' loan	(196,804,902)	–	(196,804,902)
– Borrowings	(79,400,000)	(109,059)	(79,509,059)
Net (liabilities)/assets	**(12,914,840)**	**5,780,737**	**(7,134,103)**
1 January 2017			
Current assets	**266,778,108**	**17,583,651**	**284,361,759**
Includes:			
– Cash and cash equivalents	23,140,749	9,530,971	32,671,720
– Trade and other receivables	83,473	3,258,907	3,342,380
– Development property	243,553,886	–	243,553,886
Non–current assets	**–**	**637,887**	**637,887**
Includes:			
– Property, plant and equipment	–	637,887	637,887
Current liabilities	**(10,487,035)**	**(14,282,704)**	**(24,769,739)**
Includes:			
– Trade and other payables	(6,751,833)	(13,967,512)	(20,719,345)
– Borrowings	–	(208,687)	(208,687)
Non–current liabilities	**(272,494,807)**	**(276,316)**	**(272,771,123)**
Includes:			
– Shareholders' loan	(196,804,902)	–	(196,804,902)
– Borrowings	(75,689,905)	(273,316)	(75,963,221)
Net (liabilities)/assets	**(16,203,734)**	**3,662,518**	**(12,541,216)**

9 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 interest in associated companies, is as follows:

	CS Amber Development Pte Ltd	USB Group*	Chong Kuo Development Pte Ltd	Total
	$	$	$	$
2018				
Net (liabilities)/assets				
Beginning of financial year	(12,914,840)	–	–	(12,914,840)
Issuance of shares	–	5,780,740	2,000,000	7,780,740
Total comprehensive income/(loss)	2,205,513	329,505	(1,241,268)	1,293,750
End of financial year	(10,709,327)	6,110,245	758,732	(3,840,350)
Interest in associated companies (10%; 25; 22.5%)	19,262	1,527,561	170,715	1,717,538
Notional fair value of loan (net)	1,227,165	193,191	323,735	1,744,091
Carrying value of Group's interest in associated companies at end of financial year	1,246,427	1,720,752	494,450	3,461,629

* Comprises of USB Holdings Pte Ltd and its subsidiary corporations.

	CS Amber Development Pte Ltd	United Singapore Builders Pte Ltd	Total
	$	$	$
2017			
Net (liabilities)/assets			
Beginning of financial year	(16,203,734)	3,662,518	(12,541,216)
Total comprehensive income	3,288,894	2,118,219	5,407,113
End of financial year	(12,914,840)	5,780,737	(7,134,103)
Interest in associated companies (10%; 25%)	–	1,445,184	1,445,184
Notional fair value of loan (net)	1,671,746	–	1,671,746
Goodwill	–	57,564	57,564
Carrying value of Group's interest in associated companies at end of financial year	1,671,746	1,502,748	3,174,494

In 2017, the Group had not recognised its share of profit of an associated company, CS Amber Development Pte Ltd amounting $328,889 as the Group's cumulative share of losses exceeded its interest in that entity and the Group had no obligation in respect of those losses. The cumulative unrecognised loss with respect to this entity was $201,289 at 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 INVESTMENT PROPERTIES

	Group 2018 $	Group 2017 $
Beginning of financial year	7,199,830	5,080,000
Additions (Note b)	46,330,288	2,269,830
Currency translation differences	(2,071,376)	–
Net fair value loss recognised in profit or loss (Note 25)	(1,873,092)	(150,000)
End of financial year	49,585,650	7,199,830

The following amounts are recognised in profit or loss:

	2018 $	2017 $
Rental income	4,034,744	236,121
Direct operating expenses arising from investment properties that generate rental income	(1,273,800)	(69,679)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Fair value 31 December 2018 $	Fair value 31 December 2017 $	Fair value 1 January 2017 $
6-8 Bennett Street, East Perth, Western Australia (a)	Office building	Office building	Freehold	41,755,650	–	
No. 190 Moulmein Road, #10-03 The Huntington, Singapore 308095 (a)	Apartment unit	Residential	Freehold	1,800,000	1,650,000	1,650,000
No. 6 Tagore Drive B1-06 Tagore Building, Singapore 787623 (a)	Office unit	Office unit	Freehold	1,680,000	1,680,000	1,760,000
No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623 (a)	Office unit	Office unit	Freehold	1,600,000	1,600,000	1,670,000
7 Woodlands Industrial Park E2, Singapore 757450 (a)	3-storey factory	Workshop, office unit, dormitory	60-year lease from 25 September 2006	2,750,000	2,269,830	–

(a) The investment properties are leased to non–related parties under non–cancellable operating leases.
(b) Additions in current financial year relates to an acquisition of an office building in 6–8 Bennett Street East Perth, Western Australia of $46,330,288. This investment property is mortgaged to secure bank loan (Note 17(b)).

10 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) $
31 December 2018			
Office building	–	41,755,650	–
Residential	–	1,800,000	–
Office units	–	3,280,000	–
Workshop, office unit, dormitory	–	2,750,000	–
31 December 2017			
Residential	–	1,650,000	–
Office units	–	3,280,000	–
Workshop, office unit, dormitory	–	2,269,830	–
1 January 2017			
Residential	–	1,650,000	–
Office units	–	3,430,000	–

Valuation techniques used to derive Level 2 fair values

For the investment property in Australia, the valuer used capitalisation method while for the investment properties in Singapore, the independent professional valuers ("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 the end of the financial year, the fair values of the properties have been determined by Savills Valuation and Professional Services (S) Pte Ltd and Burgess Rawson (WA) Pty Ltd (2017: Savills Valuation and Professional Services (S) Pte Ltd and HBA Group Property Consultants Pte Ltd).

11 OTHER RECEIVABLES – NON–CURRENT

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Loan to associated companies [a]	14,901,398	18,008,744	19,680,490	–	–	–
Less : Allowance for impairment (Note 33(ii)(b))	(1,408,000)	(1,408,000)	(1,408,000)	–	–	–
	13,493,398	16,600,744	18,272,490	–	–	–
Loan to a subsidiary corporation [b]	–	–	–	8,795,785	16,846,939	18,193,878
Loan to joint venture	–	–	5,753,284	–	–	–
	13,493,398	16,600,744	24,025,774	8,795,785	16,846,939	18,193,878

(a) The loan to associated companies are unsecured, interest–bearing and will be repayable in full in year 2023 (2017: 2020). The Group charged interest at 2.0% per annum above SIBOR since the first drawdown date on 27 June 2012 for loan amounting to $8,454,325 (2017: $16,600,744). With effect from 1 March 2015, the shareholders of the associated company have mutually agreed to cease charging interest on the loan.

(b) The loan 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 associated company (Note 9).

(c) The loan to a subsidiary corporation is unsecured and interest–free advances for the purpose of operating and development activities in their respective fields. The loan is not expected to be repaid within the next 12 months.

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		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	%	%	%
Loan to associated company	12,839,564	15,874,771	17,759,146	1.89	1.50	1.44
Loan to joint venture	–	–	5,591,652	–	–	1.44

	Company			Borrowing rate		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	%	%	%
Loan to subsidiary corporation	8,473,163	16,910,200	17,682,742	1.89	1.50	1.44

12 FINANCIAL ASSETS, AVAILABLE–FOR–SALE

	Group 2018 $	Group 2017 $
Beginning of financial year	–	1,015,305
Fair value gain recognised in other comprehensive income (Note 21(b)(i))	–	5,140
Disposal	–	(1,020,445)
End of financial year	–	–

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 $
<u>Group</u>											
2018											
Cost											
Beginning of financial year	3,404,068	3,680,257	2,111,614	28,168,658	13,353,966	508,699	887,691	23,305	10,450	–	52,148,708
Adoption of SFRS(I) 16	–	–	–	(4,758,867)	(3,422,388)	–	–	–	–	9,083,038	901,783
Additions	–	–	–	794,328	328,253	–	–	–	–	2,074,780	3,197,361
Disposals	–	–	–	(373,300)	(285,730)	–	–	–	–	(83,459)	(742,489)
Written off	–	–	–	(10,850)	–	–	–	–	–	–	(10,850)
End 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
Accumulated depreciation											
Beginning of financial year	407,151	1,962,803	–	19,315,116	9,001,153	504,903	885,453	9,322	8,360	–	32,094,261
Adoption of SFRS(I) 16	–	–	–	(1,413,756)	(1,938,371)	–	–	–	–	3,352,127	–
Depreciation charge (Note 26)	68,082	245,354	–	1,187,961	711,164	3,796	864	4,661	1,045	1,204,622	3,427,549
Disposals	–	–	–	(370,050)	(218,282)	–	–	–	–	(36,513)	(624,845)
Written off	–	–	–	(10,850)	–	–	–	–	–	–	(10,850)
End 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
Net book value at end of financial year	2,928,835	1,472,100	2,111,614	5,111,548	2,418,437	–	1,374	9,322	1,045	6,554,123	20,608,398

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building $	Leasehold property $	Freehold land $	Plant and machinery $	Motor vehicles $	Office equipment $	Furniture and fittings $	Renovation $	Signboard $	Total $
Group										
2017										
Cost										
Beginning of financial year	3,404,068	3,680,257	2,111,614	26,071,728	12,825,991	508,699	887,691	23,305	10,450	49,523,803
Additions	–	–	–	2,200,410	1,260,837	–	–	–	–	3,461,247
Disposals	–	–	–	(96,750)	(148,988)	–	–	–	–	(245,738)
Written off	–	–	–	(6,730)	(583,874)	–	–	–	–	(590,604)
End of financial year	3,404,068	3,680,257	2,111,614	28,168,658	13,353,966	508,699	887,691	23,305	10,450	52,148,708
Accumulated depreciation										
Beginning of financial year	339,070	1,717,453	–	17,869,776	8,803,748	491,158	873,397	4,661	7,315	30,106,578
Depreciation charge (Note 26)	68,081	245,350	–	1,521,271	930,267	13,745	12,056	4,661	1,045	2,796,476
Disposals	–	–	–	(69,201)	(148,988)	–	–	–	–	(218,189)
Written off	–	–	–	(6,730)	(583,874)	–	–	–	–	(590,604)
End of financial year	407,151	1,962,803	–	19,315,116	9,001,153	504,903	885,453	9,322	8,360	32,094,261
Net book value at end of financial year	2,996,917	1,717,454	2,111,614	8,853,542	4,352,813	3,796	2,238	13,983	2,090	20,054,447

	Motor vehicles $	Building $	Freehold land $	Office equipment $	Furniture and fittings $	Renovation $	Total $
Company							
2018							
Cost							
Beginning and end of financial year	174,404	3,404,067	2,111,614	388,519	883,858	23,305	6,985,767
Accumulated depreciation							
Beginning of financial year	34,881	407,150	–	388,519	882,899	9,322	1,722,771
Depreciation charge	34,881	68,081	–	–	480	4,661	108,103
End of financial year	69,762	475,231	–	388,519	883,379	13,983	1,830,874
Net book value at end of financial year	104,642	2,928,836	2,111,614	–	479	9,322	5,154,893
2017							
Cost							
Beginning of financial year	148,988	3,404,067	2,111,614	388,519	883,858	23,305	6,960,351
Additions	174,404	–	–	–	–	–	174,404
Disposal	(148,988)	–	–	–	–	–	(148,988)
End of financial year	174,404	3,404,067	2,111,614	388,519	883,858	23,305	6,985,767
Accumulated depreciation							
Beginning of financial year	148,988	339,069	–	385,052	871,226	4,661	1,748,996
Depreciation charge	34,881	68,081	–	3,467	11,673	4,661	122,763
Disposal	(148,988)	–	–	–	–	–	(148,988)
End of financial year	34,881	407,150	–	388,519	882,899	9,322	1,722,771
Net book value at end of financial year	139,523	2,996,917	2,111,614	–	959	13,983	5,262,996

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(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 31 December 2018 $	Net book value 31 December 2017 $	Net book value 1 January 2017 $
30 Tagore Lane, Singapore 787484	Freehold	Office use	10,742	5,040,449	5,108,531	5,176,162
2A Sungei Kadut Drive, Singapore 729554	Leasehold	Fabrication yard/ workshop/ office	55,865	1,472,102	1,717,454	1,962,804

(ii) In 2018, included within additions in the consolidated financial statements are right–of–use assets acquired under lease arrangement amounting to $1,674,780. In 2017, included within additions in the consolidated financial statements were plant and machinery acquired under finance leases amounting to $526,500. The carrying amounts of plant and machinery, and motor vehicles held under finance leases were $3,345,111 and $1,484,017 respectively at the balance sheet date.

14 RIGHT–OF–USE ASSETS

(a) *Amounts recognised in the balance sheet*

	Group 2018 $	Group 2017 $
Right–of–use assets		
Office unit	484,962	–
Plant and machinery	4,688,391	–
Motor vehicles	1,269,175	–
Use of state land for worksite	111,595	–
	6,554,123	–
Lease liabilities		
Current	1,306,561	–
Non–current	2,126,496	–
	3,433,057	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 RIGHT–OF–USE ASSETS (CONT'D)

(b) *Amounts recognised in the profit or loss*

	Group 2018 $	Group 2017 $
Depreciation of right–of–use assets		
Office unit	453,334	–
Plant and machinery	506,720	–
Motor vehicles	214,842	–
Use of state land for worksite	29,726	–
	1,204,622	–
Lease liabilities		
Interest expense (included in finance cost)	109,355	–
Expenses relating to:		
– Short term leases ("included in rental expenses")	1,139,446	–
– Low–value leases ("included in rental expenses")	242,902	–
	1,382,348	–

Total cash outflow for leases in 2018 is $3,070,039.

15 INTANGIBLE ASSETS

	Group 31 December 2018 $	Group 31 December 2017 $	Group 1 January 2017 $	Company 31 December 2018 $	Company 31 December 2017 $	Company 1 January 2017 $
Composition:						
Goodwill arising on consolidation (Note a)	1,687,551	1,687,551	1,687,551	–	–	–
Computer software licences (Note b)	101,629	49,641	24,584	3,203	6,403	9,600
	1,789,180	1,737,192	1,712,135	3,203	6,403	9,600

(a) *Goodwill arising on consolidation*

This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

	Group 2018 $	Group 2017 $
Cost/Net book value		
Beginning and end of financial year	1,687,551	1,687,551

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to business segments.

15 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation (cont'd)

A segment–level summary of the goodwill allocation is as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Construction	1,485,045	1,485,045	1,485,045
Maintenance	202,506	202,506	202,506
	1,687,551	1,687,551	1,687,551

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.

Key assumptions used for value–in–use calculations:

	Construction	Maintenance
31 December 2018		
Gross margin	8% – 15%	8% – 15%
Growth rate	3%	3%
Discount rate	8.4%	8.4%
31 December 2017		
Gross margin	8% – 15%	8% – 15%
Growth rate	3%	3%
Discount rate	9.6%	9.6%
1 January 2017		
Gross margin	8% – 15%	5% – 10%
Growth rate	3%	3%
Discount rate	9.2%	9.2%

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 INTANGIBLE ASSETS (CONT'D)

(b) Computer software licences

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
Cost						
Beginning of financial year	427,276	387,276	368,546	55,046	55,046	55,046
Additions	69,242	40,000	18,730	–	–	–
End of financial year	496,518	427,276	387,276	55,046	55,046	55,046
Accumulated amortisation						
Beginning of financial year	377,635	362,692	285,237	48,643	45,446	34,437
Amortisation charge (Note 26)	17,254	14,943	77,455	3,200	3,197	11,009
End of financial year	394,889	377,635	362,692	51,843	48,643	45,446
Net book value	101,629	49,641	24,584	3,203	6,403	9,600

16 TRADE AND OTHER PAYABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
<u>Current</u>						
Trade payables						
– Non–related parties	13,713,000	22,632,000	25,849,117	92,679	97,993	141,476
Non–trade payables						
– Subsidiary corporations	–	–	–	1,946,708	5,341,625	5,347,137
– Joint venture	50,000	50,000	50,000	–	–	–
– Non–controlling interest	324,200	–	–	–	–	–
– Non–related parties	462,749	207,032	139,906	–	–	–
	836,949	257,032	189,906	1,946,708	5,341,625	5,347,137
Accrued operating expenses	9,828,843	14,930,470	15,861,009	1,449,381	2,706,231	2,925,021
	24,378,792	37,819,502	41,900,032	3,488,768	8,145,849	8,413,634
Non–current						
Non–trade payables						
– Loan from non–controlling interests	9,489,331	–	–	–	–	–
– Less : Notional fair value of loan	(1,421,055)	–	–	–	–	–
	8,068,276	–	–	–	–	–

16 TRADE AND OTHER PAYABLES (CONT'D)

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

In 2017, included in the Group's accrued operating expenses was an amount of $2,212,654 being additional cost arising from a construction project at the Tampines Expressway exit to Pan–Island Expressway.

Loan from non–controlling interests is unsecured, interest–free advances for the purpose of funding the subsidiary corporation. The loan was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount represent capital reserve (Note 21 (b)(iv)) and is recorded as part of equity.

The fair values of non–current other payables approximate their carrying amounts.

17 BORROWINGS

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Current			
Finance lease liabilities (Note 18)	–	1,066,991	1,119,801
Lease liabilities (Note A)	1,306,561	–	–
Bank loan	767,920	–	–
	2,074,481	1,066,991	1,119,801
Non–current			
Finance lease liabilities (Note 18)	–	1,414,151	2,027,767
Lease liabilities (Note A)	2,126,496	–	–
Bank loan	23,901,510	–	–
	26,028,006	1,414,151	2,027,767
6 months or less	1,082,375	575,159	579,779
6–12 months	992,106	491,832	540,022
1–5 years	26,012,012	1,414,151	2,027,767
Over 5 years	15,994	–	–
	28,102,487	2,481,142	3,147,568

The effective interest rates for bank loan ranged from 3.85% to 4.15% per annum.

Note A:
In the previous year, the Group only recognised lease liabilities in relation to leases that were classified as 'finance leases'. These were presented as finance lease liabilities. For adjustments recognised on adoption of SFRS(I) 16 on 1 January 2018, refer to Note 2.3.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 BORROWINGS (CONT'D)

(a) *Fair value of non–current borrowings*

	Group		
	31 December		1 January
	2018	2017	2017
	$	$	$
Bank loan	21,415,985	–	–

The fair values above are determined from cash flow analysis, 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		
	31 December		1 January
	2018	2017	2017
	%	%	%
Bank loan	3.85	–	–

The fair values of the non–current finance lease liabilities approximate their carrying amounts.

(b) *Security granted*

Lease liabilities of the Group amounting to $2,844,484 (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 guarantee (Note 36(i)).

Bank loan is secured by first legal mortgage over an investment property of the Group (Note 10), certain bank deposit (Note 4), corporate guarantee of the Company (Note 33(ii)) and a charge over the Group's shares in the subsidiary corporation.

Reconciliation of liabilities arising from financing activities

				Other changes		
	1 January 2018	Proceed from borrowings, net	Principal and interest payments	Interest expense	Foreign exchange movement	31 December 2018
	$	$	$	$	$	$
Lease liabilities	3,382,925	1,628,468	(1,687,691)	109,355	–	3,433,057
Bank loan	–	26,337,510	(1,179,476)	789,996	(1,278,600)	24,669,430

				Other changes		
	1 January 2017	Proceed from borrowings	Principal and interest payments	Interest expense	Foreign exchange movement	31 December 2017
	$	$	$	$	$	$
Finance lease liabilities	3,147,568	526,500	(1,269,234)	76,308	–	2,481,142

18 FINANCE LEASE LIABILITIES

The Group leases certain plant and machinery, and motor vehicles from non–related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	31 December 2017	**1 January 2017**
	$	**$**
Minimum lease payments due:		
– Not later than one year	1,132,339	1,193,364
– Between one and five years	1,506,607	2,168,573
	2,638,946	3,361,937
Less: Future finance charges	(157,804)	(214,369)
Present value of finance lease liabilities	2,481,142	3,147,568
Not later than one year	1,066,991	1,119,801
Between one and five years	1,414,151	2,027,767
Total	2,481,142	3,147,568

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		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	$	**$**	**$**	**$**	**$**	**$**
Deferred income tax liabilities						
– to be settled within one year	166,279	193,027	211,849	1,418	1,418	2,314
– to be settled after one year	1,143,414	897,737	740,875	793	1,554	2,583
	1,309,693	1,090,764	952,724	2,211	2,972	4,897

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 DEFERRED INCOME TAXES (CONT'D)

Movement in deferred income tax account is as follows:

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Beginning of financial year	1,090,764	952,724	2,972	4,897
Tax charge/(credit) to profit or loss (Note 29 (a))	218,929	138,040	(761)	(1,925)
End of financial year	1,309,693	1,090,764	2,211	2,972

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

<u>Group</u>

Deferred income tax liabilities

	Accelerated tax depreciation	Fair value gain	Total
	$	$	$
2018			
Beginning of financial year	1,090,764	–	1,090,764
Tax charge to profit or loss	218,929	–	218,929
End of financial year	1,309,693	–	1,309,693
2017			
Beginning of financial year	941,053	11,671	952,724
Tax charge/(credit) to profit or loss	149,711	(11,671)	138,040
End of financial year	1,090,764	–	1,090,764

<u>Company</u>

Deferred income tax liabilities

	Accelerated tax depreciation
	$
2018	
Beginning of financial year	2,972
Tax credit to profit or loss	(761)
End of financial year	2,211
2017	
Beginning of financial year	4,897
Tax credit to profit or loss	(1,925)
End of financial year	2,972

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 $1,134,835 (2017: $70,930) 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

	No. of ordinary shares	Amount $
<u>**Group and Company**</u>		
2018		
Beginning and end of financial year	308,430,594	36,832,301
2017		
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.

21 OTHER RESERVES

	Group		
	31 December 2018 $	31 December 2017 $	1 January 2017 $
(a) Composition:			
Fair value reserve	–	–	753
Asset revaluation reserve	1,372,330	1,372,330	1,372,330
Currency translation reserve	(23,852)	–	–
Capital reserve	1,655,007	–	–
	3,003,485	1,372,330	1,373,083

21 OTHER RESERVES (CONT'D)

(b) Movements:

(i) Fair value reserve

	Group 2018 $	Group 2017 $
Beginning of financial year	–	753
Financial assets, available–for–sale		
– Fair value gain (Note 12)	–	5,140
– Reclassification to profit or loss (Note 25)	–	(5,893)
End of financial year	–	–

(ii) Asset revaluation reserve

	Group 2018 $	Group 2017 $
Beginning and end of financial year	1,372,330	1,372,330

(iii) Currency translation reserve

	Group 2018 $	Group 2017 $
Beginning of financial year	–	–
Currency translation differences arising from consolidation	(46,768)	–
Less: Non-controlling interests	22,916	–
End of financial year	(23,852)	–

(iv) Capital reserve

	Group 2018 $	Group 2017 $
Beginning of financial year	–	–
Fair value adjustment on interest–free loan	1,655,007	–
End of financial year	1,655,007	–

Other reserves are non–distributable.

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 2018 $	Company 2017 $
Beginning of financial year	11,781,601	9,545,665
Net profit	3,816,030	6,862,435
Dividends paid (Note 31)	(6,168,612)	(4,626,499)
End of financial year	9,429,019	11,781,601

23 REVENUE

	Group 2018 $	Group 2017 $
Revenue from construction	46,051,360	78,448,585
Revenue from maintenance	40,363,210	38,845,339
Revenue from contract with customers (Note 6(a))	86,414,570	117,293,924
Rental income	4,034,744	236,121
	90,449,314	117,530,045

24 COST OF SALES

Included in the cost of sales are the following:

	Group 2018 $	Group 2017 $
Depreciation of property, plant and equipment	2,976,441	2,331,189
Amortisation of intangible assets	14,054	11,746
Employee compensation costs:		
– Salaries and bonuses	20,410,748	22,057,573
– Employer's contribution to defined contribution plans including Central Provident Fund	3,590,726	4,212,492

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25 OTHER (LOSS)/GAIN, NET

	Group	
	2018	2017
	$	$
Interest income		
– Bank deposits	921,044	753,075
– Financial assets, available–for–sale	–	35,945
– Loan to a joint venture	529,593	–
	1,450,537	789,020
Financial assets, available–for–sale		
– Reclassification from other comprehensive income on disposal (Note 21(b)(i))	–	5,893
– Loss on disposal	–	(20,445)
	–	(14,552)
Loss on disposal of investment in associated company	(57,563)	–
Fair value loss on investment properties (Note 10)	(1,873,092)	(150,000)
Net gain on disposal of property, plant and equipment	122,169	7,264
Government grants		
– Building and Construction Authority related grant [(a)]	357,298	68,257
– Special Employment Credit [(b)]	21,764	33,305
– Wage Credit Scheme [(c)]	47,425	29,915
– Temporary Employment Credit [(d)]	21,121	70,422
	447,608	201,899
Currency translation loss – net	(778,657)	(223,899)
Others	123,673	36,631
	(565,325)	646,363

(a) The Group received grants awarded by the Building and Construction Authority ("BCA") upon attainment of membership during the financial year. Funds received from BCA include that for workforce development, technology adoption and capability development, which aims to improve the productivity and capability of the Group.

(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 Temporary Employment Credit ("TEC") was announced as a Budget 2014 initiative to help employers adjust to the 1 percentage point increase in Medisave contribution rates which took effect in January 2015. With the TEC, employers will receive a one–year offset of 0.5% (2017: 0.5%) of wages for their Singaporean and Singapore Permanent Resident ("PR") employees.

26 EXPENSES BY NATURE

	Group 2018 $	Group 2017 $
Fees paid/payable to auditor of the Company for:		
– audit services	154,240	137,400
– non–audit services	31,000	26,344
Purchases of materials	9,381,691	15,708,248
Direct expenses arising from investment properties included in cost of sales	1,273,800	69,679
Sub–contractors costs	25,515,788	40,084,103
Amortisation of intangible assets (Note 15(b))	17,254	14,943
Depreciation of property, plant and equipment (Note 13)	3,427,549	2,796,476
Employees compensation (Note 27)	30,752,367	33,923,782
Professional fees	2,471,237	2,167,975
Property tax and maintenance fee	91,900	121,222
Worksite expenses	2,073,269	2,767,164
Rental expense on operating leases	1,382,348	1,542,950
Upkeep of machineries and equipment	1,556,151	1,603,228
Upkeep of motor vehicles and lorries	952,305	993,409
Security fees	173,218	449,610
Withholding tax expenses	191,121	–
Other expenses	2,613,704	3,226,631
Total cost of sales and administrative expenses	82,058,942	105,633,164

27 EMPLOYEE COMPENSATION

	Group 2018 $	Group 2017 $
Salaries and bonuses	26,775,947	29,387,218
Employer's contribution to defined contribution plans including Central Provident Fund	3,976,420	4,536,564
	30,752,367	33,923,782

28 FINANCE EXPENSES

	Group 2018 $	Group 2017 $
Interest expense		
– Finance lease liabilities	–	76,308
– Lease liabilities	109,355	–
– Notional interest on loan	233,952	–
– Bank loan	789,996	–
	1,133,303	76,308

29 INCOME TAXES

(a) *Income tax expense*

	Group 2018 $	Group 2017 $
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax – Singapore	932,700	2,062,450
– Current income tax – Foreign	96,995	–
– Deferred income tax – Singapore (Note 19)	218,929	138,040
	1,248,624	2,200,490
(Over)/under provision of income tax in prior financial years:		
– Current income tax – Singapore	(323,862)	70,258
	924,762	2,270,748

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 2018 $	Group 2017 $
Profit before income tax	6,571,134	14,986,421
Share of loss/(profit) of joint ventures, net of tax	177,647	(1,989,931)
Share of profit of associated companies, net of tax	(57,037)	(529,554)
Profit before income tax and share of results of associated companies and joint ventures	6,691,744	12,466,936
Tax calculated at a tax rate of 17% (2017: 17%)	1,137,596	2,119,379
Effects of:		
– Different tax rates in other countries	(268,496)	–
– Tax incentives	(421,309)	(603,218)
– Income not subject to tax	(513,467)	(25,026)
– Expenses not deductible for tax purposes	1,066,511	608,687
– Deferred tax assets not recognised	180,863	–
– Others	66,926	100,668
Tax charge	1,248,624	2,200,490

29 INCOME TAXES (CONT'D)

(b) *Movement in current income tax liabilities*

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Beginning of financial year	2,159,227	1,953,336	33,000	18,851
Income tax paid	(1,679,638)	(1,926,817)	(22,228)	–
Tax expense	1,029,695	2,062,450	19,000	31,000
Currency translation differences	(3,590)	–	–	–
(Over)/under provision in prior financial years	(323,863)	70,258	(937)	(16,851)
End of financial year	1,181,831	2,159,227	28,835	33,000

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit 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	
	2018	2017
Net profit attributable to equity holders of the Company	$6,487,923	$12,715,673
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	308,430,594
Basic and diluted earnings per share (cents per share)	2.1	4.12

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 2018

31 DIVIDENDS

	Group and Company	
	2018	2017
	$	$
Ordinary dividends paid		
Final one–tier tax exempt dividend paid in respect of the previous financial year of $0.007 (2017: $0.007) per share (Note 22)	2,159,014	2,159,014
Special tax exempt (one–tier) dividend in respect of the previous financial year of $0.013 (2017: $0.008) per share (Note 22)	4,009,598	2,467,485
	6,168,612	4,626,499

At the coming Annual General Meeting on 29 April 2019, a final tax exempt (one–tier) dividend of $0.007 per share and a special tax exempt (one–tier) dividend of $0.003 per share amounting to a total of approximately $3,084,306 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 2018.

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	
	2018	2017
	$	$
Wages and salaries	3,698,076	4,945,456
Employer's contribution to defined contribution plans including Central Provident Fund	114,707	117,675
	3,812,783	5,063,131

Included in the above is total compensation to directors of the Company amounting to $3,093,547 (2017: $4,365,739).

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.

(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 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 $
At 31 December 2018				
Financial assets				
Cash and cash equivalents	69,345,390	2,847,897	2,081,549	74,274,836
Trade and other receivables	15,864,117	–	168,669	16,032,786
Contract assets	18,575,447	–	–	18,575,447
Inter–company balances	30,276,599	–	17,284,695	47,561,294
	134,061,553	2,847,897	19,534,913	156,444,363
Financial liabilities				
Borrowings	3,433,057	–	24,669,430	28,102,487
Other financial liabilities	23,660,976	–	8,786,092	32,447,068
Inter–company balances	30,276,599	–	17,284,695	47,561,294
	57,370,632	–	50,740,217	108,110,849
Net financial assets	76,690,921	2,847,897	(31,205,304)	48,333,514
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,847,897	–	2,847,897

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(a) *Currency risk (cont'd)*

	SGD $	USD $	Other $	Total $
At 31 December 2017				
Financial assets				
Cash and cash equivalents	83,354,012	2,752,554	846	86,107,412
Trade and other receivables	25,322,993	–	–	25,322,993
Contract assets	16,468,511	–	–	16,468,511
Inter–company balances	15,029,159	–	–	15,029,159
	140,174,675	2,752,554	846	142,928,075
Financial liabilities				
Borrowings	2,481,142	–	–	2,481,142
Other financial liabilities	37,819,502	–	–	37,819,502
Inter–company balances	15,029,159	–	–	15,029,159
	55,329,803	–	–	55,329,803
Net financial assets	84,844,872	2,752,554	846	87,598,272
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,752,554	846	2,753,400

	SGD $	USD $	Other $	Total $
At 1 January 2017				
Financial assets				
Cash and cash equivalents	72,749,501	2,950,041	982	75,700,524
Trade and other receivables	36,362,620	–	–	36,362,620
Contract assets	18,093,759	–	–	18,093,759
Inter–company balances	13,340,838	–	–	13,340,838
	140,546,718	2,950,041	982	143,497,741
Financial liabilities				
Borrowings	3,147,568	–	–	3,147,568
Other financial liabilities	41,900,032	–	–	41,900,032
Inter–company balances	13,340,838	–	–	13,340,838
	58,388,438	–	–	58,388,438
Net financial assets	82,158,280	2,950,041	982	85,109,303
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,950,041	982	2,951,023

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 $
At 31 December 2018			
Financial assets			
Cash and cash equivalents	3,288,958	782,475	4,071,433
Trade and other receivables	21,298,989	–	21,298,989
	24,587,947	782,475	25,370,422
Financial liabilities			
Other financial liabilities	3,488,768	–	3,488,768
Net financial assets	21,099,179	782,475	21,881,654
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	782,475	782,475

	SGD $	USD $	Total $
At 31 December 2017			
Financial assets			
Cash and cash equivalents	2,789,775	756,980	3,546,755
Trade and other receivables	28,736,099	–	28,736,099
	31,525,874	756,980	32,282,854
Financial liabilities			
Other financial liabilities	8,145,849	–	8,145,849
Net financial assets	23,380,025	756,980	24,137,005
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	756,980	756,980

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(a) *Currency risk (cont'd)*

	SGD $	USD $	Total $
At 1 January 2017			
Financial assets			
Cash and cash equivalents	2,958,623	812,794	3,771,417
Trade and other receivables	28,281,604	–	28,281,604
	31,240,227	812,794	32,053,021
Financial liabilities			
Other financial liabilities	8,413,634	–	8,413,634
Net financial assets	22,826,593	812,794	23,639,387
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	812,794	812,794

If the USD changes against the SGD by 8% (2017: 8%) 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 $189,100 (2017: $182,770) and $51,956 (2017: $50,263) respectively.

(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 0.10% to 1.79% per annum (2017: 0.10% to 1.40% per annum). If the interest rates had increased/decreased by 0.5% (2017: 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 $219,000 (2017: $249,000).

The effective interest rates for bank loan ranged from 3.85% to 4.15% per annum. If the interest rates had increased/decreased by 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 this bank loan will be approximately higher/lower by $55,000.

(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.

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		
	31 December		1 January
	2018	2017	2017
	$	$	$
Corporate guarantees provided to banks for subsidiary corporations' banking facilities			
– Finance lease (Note 18 and 36)	–	2,481,142	3,147,568
– Lease liabilities (Note 17 and 36)	2,822,484	–	–
– Bank loan (Note 17 and 36)	24,669,430	–	–

The trade receivables of the Group comprise of 2 debtors (31 December 2017: 3 debtors; 1 January 2017: 3 debtors) that individually represented 45 – 52% (31 December 2017: 19% – 50%; 1 January 2017: 10% – 58%) 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		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$	$	$	$	$	$
By geographical areas						
Singapore	953,396	1,809,150	9,135,104	7,349,126	11,844,950	10,036,000
By types of customers						
Non-related parties						
– Government bodies	924,684	1,241,295	8,176,041	–	–	–
– Non-government bodies	28,712	567,855	959,063	–	–	–
Subsidiary corporations	–	–	–	7,349,126	11,844,950	10,036,000
	953,396	1,809,150	9,135,104	7,349,126	11,844,950	10,036,000

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.

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

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 for customers as at 31 December 2018:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	$	$	
Group				
Current (not past due)	0.00	–	–	No
Past due <3 months	0.00	951,817	–	No
Past due 3 to 6 months	0.00	1,579	–	No
		953,396	–	
Company				
Current (not past due)	0.00	7,347,350	–	No
Past due <3 months	0.00	1,776	–	No
		7,349,126	–	

Management believes that, based on their internal credit risk ratings, there is no credit loss allowance necessary in respect of the trade receivables as these receivables 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 allowance for doubtful debts arising from these outstanding balances as the ECL is not significant.

Cash and cash equivalents, other receivables and loan to associated company are subject to immaterial credit loss as at balance sheet date.

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

(a) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit–ratings assigned by international credit–rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

(b) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired as at 31 December 2017 and 1 January 2017 are set out as follows:

	Group	
	31 December 2017	**1 January 2017**
	$	**$**
Past due <3 months	1,766,471	8,991,923
Past due 3 to 6 months	42,679	143,181
	1,809,150	9,135,104

The carrying amount of other receivables individually determined to be impaired and the movement in the allowance for impairment is as follows:

	Group		Company	
	31 December 2017	**1 January 2017**	**31 December 2017**	**1 January 2017**
	$	**$**	**$**	**$**
Current				
Past due more than 1 year	–	–	697,863	692,863
Less: Allowance for impairment (i)	–	–	(687,863)	(687,863)
	–	–	10,000	5,000
Beginning and end of financial year	–	–	687,863	687,863
Non–current				
Not past due	18,008,744	19,680,490	–	–
Less: Allowance for impairment (ii)	(1,408,000)	(1,408,000)	–	–
	16,600,744	18,272,490	–	–
Beginning of financial year	1,408,000	650,000	–	–
Allowance made	–	758,000	–	–
End of financial year	1,408,000	1,408,000	–	–

The impairment on other receivables of the Group and the Company arose from:

(i) The impairment on other receivables of the Company arose from advances to subsidiary corporations who have losses in their operations and are inactive; and

(ii) A loan to an associated company. The associated company is engaged in the business of property development project. Due to the decline in the Singapore Residential Property Price Index and low sales performance of the development property project, an impairment was made on the loan to the associated company during the financial years ended 31 December 2017 and 1 January 2017.

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 $	More than 5 years $	Total $
Group					
At 31 December 2018					
Trade and other payables	24,378,792	–	8,068,276	–	32,447,068
Borrowings	2,168,227	1,869,636	24,296,757	16,028	28,350,648
	26,547,019	1,869,636	32,365,033	16,028	60,797,716
At 31 December 2017					
Trade and other payables	37,819,502	–	–	–	37,819,502
Borrowings	1,132,339	811,719	694,888	–	2,638,946
	38,951,841	811,719	694,888	–	40,458,448
At 1 January 2017					
Trade and other payables	41,900,032	–	–	–	41,900,032
Borrowings	1,193,364	950,252	1,218,321	–	3,361,937
	43,093,396	950,252	1,218,321	–	45,261,969
Company					
At 31 December 2018					
Trade and other payables	3,488,768	–	–	–	3,488,768
At 31 December 2017					
Trade and other payables	8,145,849	–	–	–	8,145,849
At 1 January 2017					
Trade and other payables	8,413,634	–	–	–	8,413,634

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 payment, 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.

	31 December		1 January
	2018	2017	2017
	$	$	$
Group			
Net debt			
Borrowings (Note 17)	28,102,487	2,481,142	3,147,568
Trade and other payables (Note 16)	32,447,068	37,819,502	41,900,032
	60,549,555	40,300,644	45,047,600
Less: Cash and cash equivalents (Note 4)	(74,274,836)	(86,107,412)	(74,685,219)
Net debt	N.M.	N.M.	N.M.
Total capital			
Net debt	N.M.	N.M.	N.M
Total equity	123,597,728	122,511,680	114,423,259
Total capital	123,597,728	122,511,680	114,423,259
Gearing ratio	N.M.	N.M.	N.M
Company			
Net debt			
Trade and other payables (Note 16)	3,488,768	8,145,849	8,413,634
	3,488,768	8,145,849	8,413,634
Less: Cash and cash equivalents (Note 4)	(4,071,433)	(3,546,755)	(3,771,417)
Net debt	N.M.	4,599,094	4,642,217
Total capital			
Net debt	N.M.	4,599,094	4,642,217
Total equity	46,261,320	48,613,902	46,377,966
Total capital	46,261,320	53,212,996	51,020,183
Gearing ratio	N.M.	9%	9%

* N.M. – not meaningful

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2017 and 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Fair value measurements

The following table presents assets and liabilities measured and carried 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).

	Level 1
	$
__Group__	
As at 1 January 2017	
Financial assets, available–for–sale	1,015,305

The Group does not expose to fair value measurement in 31 December 2018 and 2017.

(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 Note 12 to the financial statements, except for the following:

	Group	**Company**
	$	**$**
31 December 2018		
Financial assets, at amortised cost	156,444,363	25,370,422
Financial liabilities at amortised cost	108,110,849	3,488,768
31 December 2017		
Loans and receivables	142,928,075	32,282,854
Financial liabilities at amortised cost	55,329,803	8,145,849
1 January 2017		
Loans and receivables	143,497,741	32,053,021
Financial liabilities at amortised cost	58,388,438	8,413,634

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".

34 SEGMENT INFORMATION (CONT'D)

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.

	31 December 2018				31 December 2017			
	Construction $	**Maintenance** $	**Rental income** $	**Total** $	**Construction** $	**Maintenance** $	**Rental income** $	**Total** $
<u>Group</u>								
Revenue								
Total segment revenue	52,190,934	50,405,357	4,034,744	106,631,035	78,455,225	52,297,342	236,121	130,988,688
Inter–segment revenue	(6,139,574)	(10,042,147)	–	(16,181,721)	(6,640)	(13,452,003)	–	(13,458,643)
Revenue from external parties	46,051,360	40,363,210	4,034,744	90,449,314	78,448,585	38,845,339	236,121	117,530,045
Gross profit	6,668,692	7,961,999	2,760,943	17,391,634	12,487,956	9,206,232	166,442	21,860,630
Other income								
– Allocated			1,399	1,399				–
– Unallocated				2,143,222				1,020,262
Other losses								
– Allocated			(2,503,263)	(2,503,263)				–
– Unallocated				(206,683)				(373,899)
Administrative costs								
– Allocated			(32,482)	(32,482)				–
– Unallocated				(8,968,780)				(9,963,749)
Share of profit of joint venture companies				57,037				1,989,931
Share of (loss)/profit of associated companies				(177,647)				529,554
				7,704,437				15,062,729
Finance expense								
– Allocated			(1,023,946)	(1,023,946)				–
– Unallocated				(109,357)				(76,308)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34 SEGMENT INFORMATION (CONT'D)

	31 December 2018				31 December 2017			
	Construction	Maintenance	Rental income	Total	Construction	Maintenance	Rental income	Total
	$	$	$	$	$	$	$	$
Group								
Profit before income tax				6,571,134				14,986,421
Income tax expense								
– Allocated			(287,431)	(287,431)				–
– Unallocated				(637,331)				(2,270,748)
Net profit				5,646,372				12,715,673
Depreciation of property, plant and equipment	2,362,626	613,815	–	2,976,441	1,900,524	430,665	–	2,331,189
Amortisation of intangible assets	8,487	5,567	–	14,054	9,934	1,812	–	11,746
Segment Assets	16,952,874	5,468,741	50,237,666	72,659,281	15,502,326	6,443,325	7,221,291	29,166,942
Segment Liabilities	13,106,779	8,125,051	33,249,735	54,481,565	26,461,332	7,156,341	100,346	33,718,019

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. Administrative and finance expenses, and other income are not allocated to segments.

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 cash and cash equivalents, deposits, prepayments, other receivables, intangible asset (computer software licences), investments, financial assets and property, plant and equipment.

	2018	2017
	$	$
Segment assets for reportable segments	72,659,281	29,166,942
Unallocated:		
– Cash and cash equivalents	74,134,375	86,107,412
– Deposits, prepayments, and other receivables	1,189,122	1,865,894
– Intangible asset (computer software licences)	3,203	6,403
– Loan to associated company and joint ventures	13,501,423	20,454,215
– Investments	4,714,028	8,669,855
– Property, plant and equipment	20,437,375	20,054,447
	186,638,807	166,325,168

34 SEGMENT INFORMATION (CONT'D)

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 segment. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities and borrowings.

	2018 $	2017 $
Segment liabilities for reportable segments	54,481,565	33,718,019
Unallocated:		
– Other payables	2,809,782	4,364,336
– Income tax liabilities	1,181,831	2,159,227
– Deferred income tax liabilities	1,309,693	1,090,764
– Borrowings	3,258,208	2,481,142
	63,041,079	43,813,488

Revenue of $29,960,306 (2017: $78,448,585) and $27,150,377 (2017: $38,845,339) and $4,034,744 (2017: 236,121) are derived from mainly two external customers which is attributable to construction, maintenance and rental income segments respectively.

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.

	2018			2017		
	Singapore	Australia	Total	Singapore	Australia	Total
Group	$	$	$	$	$	$
Segment revenue	86,750,118	3,699,196	90,449,314	117,530,045	–	117,530,045
Segment non-current assets	48,435,003	41,756,650	90,191,653	54,262,068	–	54,262,068
Segment assets	144,391,189	42,247,618	186,638,807	166,325,168	–	166,325,168

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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		
	31 December		1 January
	2018	2017	2017
	$	$	$
Property, plant and equipment	–	781,254	–

(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	
	2018	2017
	$	$
Not later than one year	163,996	1,487,384
Between one and five years	33,340	644,911
Later than five years	–	120,526
	197,336	2,252,821

(iii) *Operating lease commitments – where the Group is a lessor*

The Group leases out a residential space, office units and workshop and dormitory to non–related parties under non–cancellable operating leases at a fixed rate. The leases have remaining non–cancellable lease terms of up to 2 years to 7 years.

The future minimum lease receivable under non–cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2018	2017
	$	$
Not later than one year	2,814,864	335,549
Between one and five years	8,211,831	298,020
Later than five years	2,276,065	–
	13,302,760	633,569

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 the contract ER449A ("termination"). In relation to the termination, a settlement sum of $4.38 million was agreed with and paid to LTA. During the current financial year, the Company recognised a total of approximately $5.3 million additional costs incurred relating to this project.

On 15 May 2018, the subsidiary corporation, OKPC has received summon from the Ministry of Manpower and/or the Building & Construction Authority and the pre–trial conference was held on various dates and the latest was on 1 February 2019, pursuant to summon in relation to the incident which has been adjourned to 15 March 2019 ("legal case").

Management is of the view that no provision is required as at 31 December 2018 with respect to the legal case as the quantum that may be involved is, as yet, undetermined, and would depend on events in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 RECLASSIFICATION OF COMPARATIVES

The Group has made certain reclassifications on the certain line items of the statement of comprehensive income to better reflect the specific nature of the balances. There is no impact on the balance sheet at the beginning of the preceding period, the consolidated statement of changes in equity and earnings per share of the Group. Effect on the consolidated statement of comprehensive income for the financial year ended 31 December 2017 are as follows:

	As previously disclosed $	Reclassification $	As restated $
Statement of comprehensive income			
Revenue	117,293,924	236,121	**117,530,045**
Other income	882,484	(236,121)	**646,363**
Cost of sales	95,599,736	69,679	**95,669,415**
Administrative expense	10,033,428	(69,679)	**9,963,749**

38 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 2019 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2019

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

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 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

OKP HOLDINGS LIMITED
胡金標控股有限公司
(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 2019

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 2019 in respect of the annual general meeting ("**2019 AGM**") to be held on Monday, 29 April 2019 at 11.00 am at 30 Tagore Lane Singapore 787484 and Resolution 9 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 26 April 2018. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Seventeenth AGM (2019 AGM) to be held on 29 April 2019.

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 2019 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 2019 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 7 March 2019 (the "**Latest Practicable Date**"), the Company had 308,430,594 issued Shares and no treasury shares nor subsidiary holdings, and thus up to 30,843,059 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 2019 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.

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) <u>Maximum Purchase Price</u>

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.

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 after such five-market day period;

"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.

(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.

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.

LETTER TO SHAREHOLDERS (CONT'D)

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.

(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 30,843,059 Shares, representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on 31 December 2018;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.211 for each Share (being 105% of the Average Closing Price as at 31 December 2018) or via Off-Market Purchases at the Maximum Price of $0.240 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2018);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $6,507,885 for Market Purchases or $7,402,334 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 2018 ("**FY2018**"), are set out below.

Scenario 1

Market Purchases of 30,843,059 Shares made entirely out of capital and held as treasury shares

	Group		Company	
As at 31 December 2018	**Before Share Purchase $'000**	**After Share Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase $'000**
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,004	3,004	–	–
Retained profits	84,626	84,626	9,429	9,429
	124,462	124,462	46,261	46,261
Non-controlling interests	(864)	(864)	–	–
	123,598	123,598	46,261	46,261
Treasury shares	–	(6,508)	–	(6,508)
Shareholders' funds	123,598	117,090	46,261	39,753
Current assets	96,448	89,940	16,608	12,537
Current liabilities	27,635	27,635	3,518	3,518
Cash and cash equivalents	74,275	67,767	4,071	–
Working capital	68,813	62,305	13,090	9,019
Total borrowings[(1)]	28,102	28,102	–	–
Net tangible assets[(2)]	121,809	115,301	46,258	39,750
Net profit after tax attributable to shareholders of the Company	6,488	6,488	3,816	3,816
Number of Shares ('000)	308,431	277,588	308,431	277,588
<u>**Financial Ratios**</u>				
Net tangible assets per Share (cents)	39.49	41.54	15.00	14.32
Earnings per Share[(3)] (cents)	2.10	2.34	1.24	1.37
Gearing ratio[(4)] (times)	0.23	0.24	–	–
Current ratio[(5)] (times)	3.49	3.25	4.72	3.56

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 number of issued and paid-up 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 30,843,059 Shares made entirely out of capital and held as treasury shares

	Group		Company	
As at 31 December 2018	**Before Share Purchase $'000**	**After Share Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase $'000**
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,004	3,004	–	–
Retained profits	84,626	84,626	9,429	9,429
	124,462	124,462	46,261	46,261
Non-controlling interests	(864)	(864)	–	–
	123,598	123,598	46,261	46,261
Treasury shares	–	(7,402)	–	(7,402)
Shareholders' funds	123,598	116,196	43,261	38,859
Current assets	96,448	89,046	16,608	12,537
Current liabilities	27,635	27,635	3,518	3,518
Cash and cash equivalents	74,275	66,873	4,071	–
Working capital	68,813	61,411	13,090	9,019
Total borrowings(1)	28,102	28,102	–	–
Net tangible assets(2)	121,809	114,407	46,258	38,856
Net profit after tax attributable to shareholders of the Company	6,488	6,488	3,816	3,816
Number of Shares ('000)	308,431	277,588	308,431	277,588
<u>**Financial Ratios**</u>				
Net tangible assets per Share (cents)	39.49	41.21	15.00	14.00
Earnings per Share(3) (cents)	2.10	2.34	1.24	1.37
Gearing ratio(4) (times)	0.23	0.24	–	–
Current ratio(5) (times)	3.49	3.22	4.72	3.56

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 number of issued and paid-up 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 FY2018 numbers and is not necessarily representative of the Company's or the Group's future financial performance.

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 after the relevant five-day period. 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 two weeks immediately preceding the announcement of the Company's quarterly results or one month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

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) 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 90,676,184 issued Shares in the hands of the public (as defined above), representing 29.4% of the total number of issued 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 59,833,125 Shares, representing 21.6% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company did not have any 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.

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 56.62% 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.

LETTER TO SHAREHOLDERS (CONT'D)

12. NO SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

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	%	Number of Shares	%
Directors				
Or Kim Peow[(1)]	757,000	0.25	168,566,910	54.65
Or Toh Wat	322,000	0.10	–	–
Ang Beng Tin	323,500	0.10	–	–
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[(2)]	–	–	38,000	0.01
Substantial Shareholders (other than Directors)				
Or Kim Peow Investments Pte Ltd	168,566,910	54.65	–	–
CS International (S) Pte. Ltd.[(3)]	43,125,000	13.98	–	–

Notes:

(1) 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.

(2) 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.

(3) 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 9, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2019 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.

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 2019 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2018; 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 7 MARCH 2019

Issued and fully paid-up capital	:	$36,832,301
Number of Shares	:	308,430,594
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury share and there are no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS
(As at 7 March 2019)

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	325	11.40	3,279	0.00
100 – 1,000	99	3.47	65,460	0.02
1,001 – 10,000	1,015	35.61	6,123,362	1.99
10,001 – 1,000,000	1,400	49.12	70,056,659	22.71
1,000,001 and above	11	0.39	232,181,834	75.28
Total	**2,850**	**100.00**	**308,430,594**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 7 March 2019)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte. Ltd.	168,566,910	54.65	–	–
CS International (S) Pte. Ltd. (1)	43,125,000	13.98	–	–
Or Kim Peow (2)	757,000	0.25	168,566,910	54.65

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.

TWENTY LARGEST SHAREHOLDERS

(As at 7 March 2019)

No	Name	No of Shares	%
1	Or Kim Peow Investments Pte Ltd	143,566,910	46.55
2	CS International (S) Pte. Ltd.	43,125,000	13.98
3	Citibank Nominees Singapore Pte Ltd	26,842,000	8.70
4	DBS Nominees (Private) Limited	4,970,364	1.61
5	Raffles Nominees (Pte) Limited	4,063,100	1.32
6	ABN AMRO Clearing Bank N.V.	2,284,500	0.74
7	Oh Kim Poy	1,909,500	0.62
8	Lim Bee Kim	1,661,500	0.54
9	United Overseas Bank Nominees (Private) Limited	1,542,110	0.50
10	Maybank Kim Eng Securities Pte. Ltd.	1,154,300	0.37
11	Or Lay Tin	1,062,550	0.34
12	Park Soo Kyung	992,000	0.32
13	OCBC Securities Private Limited	882,938	0.29
14	OCBC Nominees Singapore Private Limited	875,318	0.28
15	Phillip Securities Pte Ltd	800,247	0.26
16	Chua Kim Tiong	757,500	0.25
17	Or Kim Peow	757,000	0.25
18	Thomwin	721,500	0.23
19	Yeo Siew Mian	715,900	0.23
20	Tan Yong Hoo	600,000	0.19
	Total	**239,284,237**	**77.57**

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

Based on the information provided to the Company as at 7 March 2019, there were 90,676,184 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.40% of the issued 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 Seventeenth Annual General Meeting (the "**AGM**") of OKP HOLDINGS LIMITED (the "**Company**") will be held at 30 Tagore Lane Singapore 787484 on Monday, 29 April 2019 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 2018 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 (2017: $0.007) per ordinary share and a special one-tier tax exempt dividend of $0.003 (2017: $0.013) per ordinary share for the financial year ended 31 December 2018.

Resolution 3
3. To re-elect Mr Oh Enc Nam 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.

Resolution 4
4. To re-elect Mr Or Lay Huat Daniel who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.

Resolution 5
5. To re-elect Mr Tan Boen Eng who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   Mr Tan Boen Eng will, upon being re-elected as a Director, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 6
6. To approve the payment of Directors' fees of $180,000 (2017: $180,000) for the financial year ended 31 December 2018.

Resolution 7
7. To re-appoint Nexia TS Public Accounting Corporation as the Company's Independent Auditor and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

Resolution 8
9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

   "<u>Authority to allot and issue shares</u>

   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;

(ii) new shares arising from the exercise of share options or vesting of share awards which are 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

(iii) 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 (i)]

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Resolution 9

10. 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;

(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; and

"**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 after such five-market day period;

"**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 (ii)]

BY ORDER OF THE BOARD

VINCENT LIM
Company Secretary
Singapore
1 April 2019

Explanatory Notes:

(i) Ordinary Resolution 8, 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 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 8 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 (c) 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.

(ii) Ordinary Resolution 9, 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:

(i) Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) A member 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 member.

(iii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(iv) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.

(v) The duly executed instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 30 Tagore Lane Singapore 787484, not less than 72 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) 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 proxies and representatives appointed 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 (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 April 2019 **("AGM")** (collectively, the **"Retiring Directors"** and each a **"Retiring Director").**

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 Retiring Directors is set out below:

	Mr Oh Enc Nam	**Mr Or Lay Huat Daniel**	**Mr Tan Boen Eng**
Date of Appointment	20 March 2002	1 August 2006	25 June 2002
Date of last re-appointment	18 April 2016	18 April 2016	18 April 2016
Age	63	41	86
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 Nominating Committee **("NC")** and the qualifications, work experience and competencies of Mr Oh Enc Nam, is of the view that Mr Oh is suitable for re-appointment as Executive 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 Or Lay Huat Daniel, is of the view that Mr Or is suitable for re-appointment as Executive 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 Boen Eng, is of the view that Mr Tan is suitable for re-appointment as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive 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.	Executive Responsible for business development and corporate communications of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director.	Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
Working experience and occupation(s) during the past 10 years	March 2002 to present: Executive Director of OKP Holdings Limited	April 2006 to present: Executive Director of OKP Holdings Limited	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.
Shareholding interest in the listed issuer and its subsidiaries	133,000 shares of the Company	322,000 shares of the Company	Nil

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
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	Nephew of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow	Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director) and Mr Or Kiam Meng (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	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# (for the last 5 years)	–	–	SAA Global Education Centre Pte. Ltd. Tee International Limited
Present	Eng Lam Contractors Co (Pte) Ltd OKP Investments (Singapore) Pte. Ltd. OKP Technical Management Pte. Ltd. OKP Transport & Trading Pte. Ltd.	Chong Kuo Development Pte. Ltd. CS Amber Development Pte. Ltd. CS-OKP Construction and Development Pte. Ltd. Forte Builder Pte. Ltd. OKP Investments (Singapore) Pte. Ltd. OKP Land Pte. Ltd. OKP (Oil & Gas) Infrastructure Pte. Ltd. Lakehomes Pte. Ltd. OKP Technical Management Pte. Ltd. OKP Transport & Trading Pte. Ltd. Or Kim Peow Contractors (Private) Limited Or Kim Peow Investments Pte. Ltd. United Pavement Specialists Pte. Ltd. Raffles Prestige Capital Pte. Ltd.	Singapore Institute of Accredited Tax Professionals Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
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.			
(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
(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

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
(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
(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 (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 (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 (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

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
(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
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

NOTES

IMPORTANT
For investors who have used their CPF monies to buy shares of OKP Holdings Limited, this Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

OKP HOLDINGS LIMITED

(Company Registration No. 200201165G)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

I/We ____________________________________ (Name) ___________________________ (NRIC/Passport/Co. Registration Number)

of ____ (Address)

being a member/members of OKP HOLDINGS LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company to be held at 30 Tagore Lane Singapore 787484 on Monday, 29 April 2019 at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1.	Audited financial statements for financial year ended 31 December 2018		
2.	Payment of final and special dividends		
3.	Re-election of Mr Oh Enc Nam as a Director		
4.	Re-election of Mr Or Lay Huat Daniel as a Director		
5.	Re-election of Mr Tan Boen Eng as a Director		
6.	Approval of Directors' fees of $180,000		
7.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor		
8.	Authority to allot and issue shares		
9.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this ___________ day of ______________ 2019

Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. A member 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 member.

3. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

4. 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.

5. This proxy form duly executed must be deposited at the registered office of the Company at 30 Tagore Lane Singapore 787484 not less than 72 hours before the time set for the AGM.

6. 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 a duly authorised officer or attorney.

7. 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.

8. 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.

9. 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 2019.

NOTES

NOTES

OKP HOLDINGS LIMITED
UEN: 200201165G

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