EMERGING STRONGER AND BETTER

ANNUAL REPORT 2017

OKP HOLDINGS LIMITED
胡金標控股有限公司

CONTENTS

OUR THEME

EMERGING STRONGER AND BETTER

For this year's annual report, we depict on the cover a graphic representation of construction workers hard at work on an infrastructure project against the Singapore cityscape in the background.

The graphic portrays what OKP Holdings Limited (OKP) does as a 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, the Group has also ventured into property development and investment.

The overall visual aptly captures OKP's theme for this year's annual report – Emerging Stronger And Better – signifying how OKP has grown and emerged stronger and better year by year. The Group had its humble beginnings as a sole-proprietorship engaged in civil engineering activities in 1966, and grew to become what it is today – a well acknowledged infrastructure and civil engineering group in Singapore. Today, we are focusing on becoming and maintaining a solid sustainable business for the long term.

The Group has emerged stronger and better in many ways. First, through the ups and downs of its business cycle, OKP has been and will continue building stronger foundations and developing greater expertise and capabilities within the Group to enable it to compete effectively and extend its industry presence.

Second, OKP has built strong pathways by advancing steadfast partnerships through the decades. We use our vast experience and a collaborative approach to work closely with our customers and business partners, thus creating opportunities for our business to advance and develop.

Third, we empower our team so that they can deliver greater value. We believe in encouraging our team to provide high-quality services and to exceed our customers' expectations, thus delivering greater value.

Despite the challenges of running a business in the midst of economic uncertainties, we are confident that our solid track record, effective management team, proficient and capable staff in civil engineering projects, and well-known expertise will see us through. We are convinced that our strong foundation as an infrastructure engineering company, our collaborative partnerships, and our well-trained staff with excellent service skills will help us to achieve our mission to be the first and preferred civil engineering contractor for the various industries here and overseas.

At OKP, we will press on to work conscientiously and resolutely together to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. We believe this positive attitude can only make us a stronger and better company.

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.

EXTENDING OUR PRESENCE IN THE OIL AND GAS SECTOR

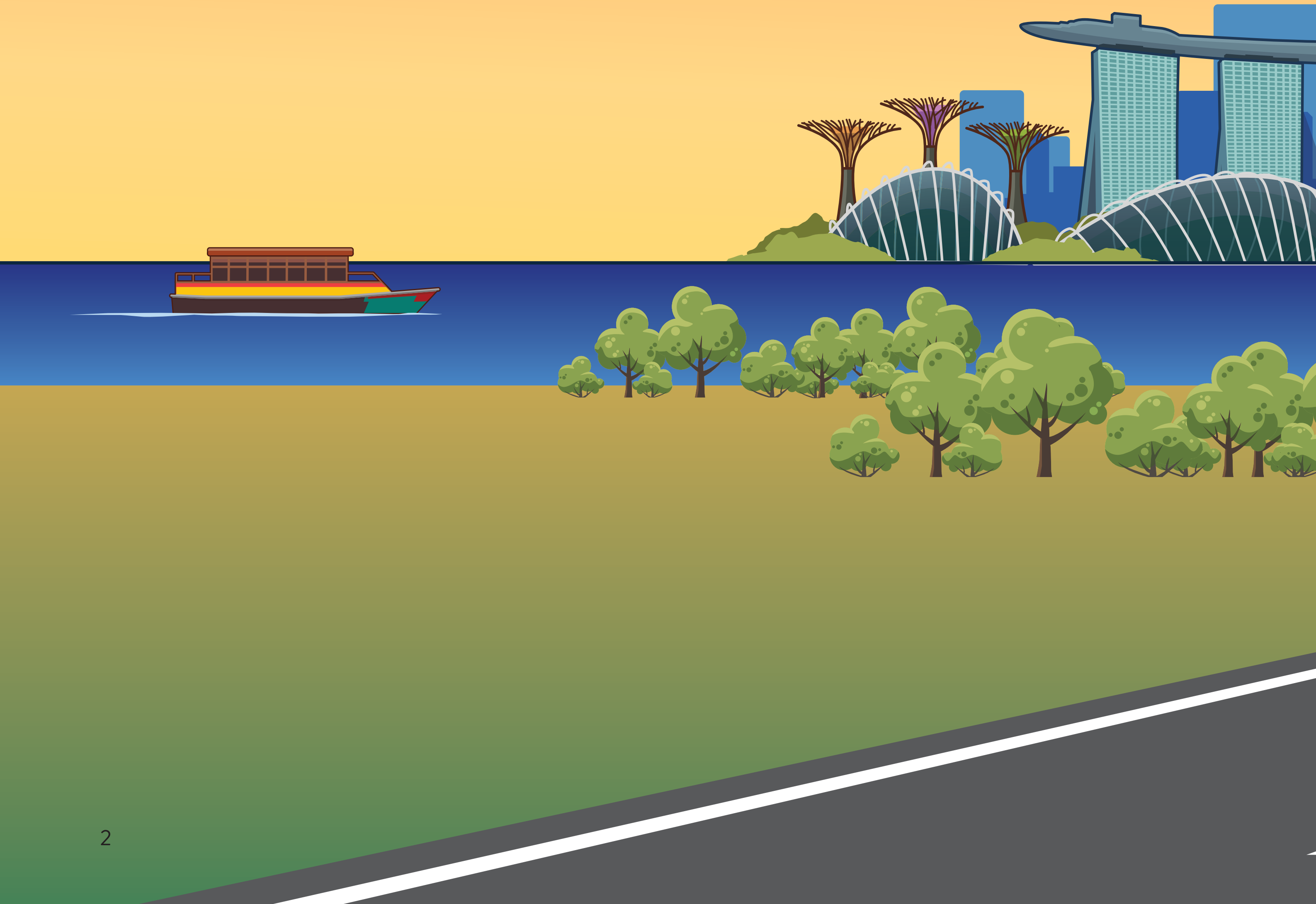
To spread risk, we will actually grow our civil engineering expertise in the oil and gas sector in order to grow our earnings base, and to ensure that we do not become overly dependent on a single revenue source.

EXPLORING OVERSEAS OPPORTUNITIES

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

DIVERSIFYING EARNINGS THROUGH PROPERTY 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

The Group aims to uphold its leadership position in its core business of construction and maintenance in the public sector, while progressively growing its business in the private sector. I am happy that the Board of Directors has proposed a final dividend of 0.7 cent per share and a special dividend of 1.3 cents per share. The total dividends of 2.0 cents per share represent a dividend yield of 6.3 per cent and a dividend payout ratio of 48.8 per cent for FY2017.

OR KIM PEOW
Group Chairman

Dear Shareholders,

During the past financial year, the outlook for the global economy has brightened although there are uncertainties over protectionist and anti-globalisation sentiments, particularly with the current unpredictable United States administration's trade policies. Such economic factors, plus political instability and potential environmental calamities, will continue to impact businesses operations worldwide including Singapore.

According to the Ministry of Trade and Industry's statistics announced on 14 February 2018, the Singapore economy grew by 3.6 per cent in 2017, a better showing over the 2.4 per cent growth in 2016.

However, it was not that rosy for the construction sector, which shrank by 8.4 per cent compared to the 1.9 per cent growth in 2016. Weak private sector construction demand, which dropped by 29.1 per cent, led to the decline in this sector.

Despite the challenges faced in the construction industry, OKP Holdings Limited (OKP) remains optimistic and confident that the Group can overcome these hiccups by staying focused on its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. Our vision will continue to be the key factor in moving OKP ahead as we seek to ride over the ups and downs of the business cycle and emerge stronger and better as a company with a sustainable future.

At OKP, we are dedicated in implementing our strategy to focus on our core competencies, broadening our 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 propel us to continuous business growth and boost our competitiveness.

The Group aims to uphold its leadership position in its core business of construction and maintenance in the public sector, while progressively growing its business in the private sector. During 2017, OKP was successful in winning three construction projects with a total value of $30.7 million.

We have placed ourselves on stronger foundations by widening our skills and knowledge through forming joint ventures to develop properties and bid for Mass Rapid Transit (MRT) projects. Our joint ventures to develop properties have shown much promise. To date, OKP has been involved in developing 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.

Furthermore, we are getting more involved in this area. In February 2018, the Group, together with Lian Soon Holdings Pte Ltd, won the bid to acquire the land parcel at Chong Kuo Road, Singapore. With HSB Holdings Pte. Ltd., the Group also acquired in February 2018 its first overseas property, a freehold modern office complex, in Perth, Australia. These initiatives are in sync with our long-term strategy to diversify our earnings and build a recurrent income base.


OKP has completed the widening of Tanah Merah Coast Road.

Founded in 1966, the Group was listed on the Singapore Exchange in 2002. Since its founding, OKP has grown significantly with its staff strength growing from 10 employees in 1967 to 409 in 2002 and 779 today. In facing the ups and downs of the business cycle while overcoming numerous challenges in establishing and operating an infrastructure and civil engineering business in Singapore and the region, the Group has matured to become a stable and steadfast business, inspired by its mission.

To be the first and preferred civil engineering contractor for the various industries, here and overseas is OKP's mission. We will continue to push ourselves forward in achieving this mission by progressively extending our skills, capabilities and outreach so as to stay ahead of our competitors. Through the years, the Group's reputation has grown due to its many key advantages, which have fortified its leadership position in the construction industry. These advantages include our long track record, solid expertise and experienced management team, and knowledgeable and skilled staff in civil and engineering projects.

We are of the view 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. We take into account sustainability issues in the fomulation of our strategies. Since 2010, we have published a sustainability report and for the third year running, we are presenting a sustainability report based on the SGX Sustainability Reporting Guide and the Global Reporting Imitative (GRI) Standards.

PERFORMANCE REVIEW

The year 2017 was somewhat difficult and competitive for OKP as it continued to pursue its aim to be a stronger and better company with a stable and sustainable future. During the financial year ending 31 December 2017 (FY2017), the Group saw revenue of $117.3 million, up by 5.6 per cent compared to the previous year (FY2016).

The higher revenue was largely due to an increase in revenue contribution from OKP's maintenance segment, which jumped by 88.5 per cent to $38.8 million. However, the total revenue was affected by the construction segment, whose revenue declined by 13.3 per cent to $78.4 million.

The main contributor to the Group's revenue was the construction segment, accounting for 66.9 per cent (2016: 81.5 per cent) of total revenue for the financial year. The maintenance segment accounted for 33.1 per cent (2016: 18.5 per cent) of our Group's overall revenue.

The rise in the maintenance segment's revenue was mainly driven by the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they advanced to a more active phase in FY2017. In the case of the construction segment, the drop in revenue was largely attributable to a lower percentage of revenue recognised from a few construction projects, which were reaching completion, coupled with reduced revenue generated from a construction project at the Tampines Expressway to Pan-Island Expressway exit.

Gross profit dropped slightly by 1 per cent to $21.7 million compared to the previous year's $21.9 million while gross profit margin decreased marginally to 18.5 per cent compared to 19.7 per cent a year ago. The

OKP has completed in the construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14.

OUR CHAIRMAN'S STATEMENT

lower gross profit margin was largely attributable to lower profit margins for new and some current maintenance projects as a result of a more competitive pricing environment and rising manpower costs.

Overall, the higher Group revenue was largely due to a rise in revenue contribution from the maintenance segment. However, the 7.2 per cent increase in cost of works resulted in a marginal decrease in gross profit to $21.7 million, compared to $21.9 million a year ago. The lower gross profit was partially offset by the 7.5 per cent decrease in administrative expenses to $10.0 million. However, OKP recorded a 64.3 per cent decline in other income, coupled with a 16.8 per cent decrease in contribution from share of results of associated companies and joint ventures to $2.5 million, bringing the net profit attributable to equity holders to $12.7 million, down from $14.3 million in the previous year. Correspondingly, basic earnings per share decreased marginally by 11.4 per cent to 4.1 cents compared to 4.7 cents a year ago.

The Group's balance sheet remained strong. With a healthy cash position which increased to $86.1 million, its net tangible assets went up by 7.2 per cent to $120.8 million as of 31 December 2017. This was equivalent to 39.2 cents per share, a rise compared to 36.5 cents per share a year ago.

In appreciation of the loyal support from OKP's shareholders through the past decades, the Board of Directors has proposed a final dividend of 0.7 cent per share and a special dividend of 1.3 cents per share. The total dividends of 2.0 cents per share represent a dividend yield of 5.9 per cent and a dividend payout ratio of 48.8 per cent for FY2017, based on OKP's closing share price of 34.0 cents on 31 December 2017.

EMERGING STRONGER AND BETTER

The Group's determined efforts and capable skills have been well acknowledged in the industry as OKP received many accolades through the decades. In 2017, we won one award - a Safety Recognition Award from Changi Airport Group for our commitment in achieving Zero Safety Infringement for works at Seletar Airport - the only contractor under Airside Project to be rewarded with such award.

During the year under review, OKP continued to emerge stronger and better as a company by winning three construction projects. The Group has completed two construction projects and one maintenance project, which were handed over successfully to the clients. We continued the execution of eight ongoing construction projects and five maintenance projects, which had been secured since June 2014.

Currently, our net order book remains healthy at $268.0 million, with contracts, extending till 2021.

OKP is involved in advance works for Bulim infrastructure works.

STAYING OPTIMISTIC FOR THE FUTURE

In the near future, the construction industry remains optimistic with a steady stream of projects in the pipeline.

The Building and Construction Authority has projected that the total value of construction contracts to be awarded in in 2018 will range between $26.0 billion and $31.0 billion, an increase from the $24.5 billion awarded in 2017. About 60 per cent of the contracts will be driven by the public sector, due to an anticipated increase in demand for institutional and other buildings such as healthcare facilities and several smaller government projects that have been brought forward in response to the slowdown in the previous years.

Public sector construction demand is expected to grow to between $16.0 billion and $19.0 billion in 2018, up from the $15.5 billion in 2017. In the case of the private sector, construction demand is expected to pick up from $9.0 billion in 2017 to between $10.0 billion and $12.0 billion in 2018. This is because of a sunnier overall economic outlook and the upturn in property market sentiment.

Looking further ahead to 2019 to 2022, public sector construction demand is projected to be between $18.0 billion and $23.0 billion per year, with similar demand coming from building projects and civil engineering works. Thus, beyond 2018, civil engineering construction demand is expected to remain optimistic.

Although the construction industry is keenly competitive, the Group is confident of securing more sustainable business as OKP is an experienced player, especially for public sector projects. The BCA's projections of higher construction demand particularly from the public sector and for civil engineering works in 2018 spell good news for infrastructure and civil engineering companies such as OKP. The Group has a good reputation in the public sector, and will continue to do its best to secure new 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.

At OKP, we constantly explore new business opportunities, such as the large and exciting infrastructure projects in Singapore, and property developments locally and overseas.

Currently, the Group is involved in two property projects. One is the 109-unit freehold Amber Skye at Amber Road, which was launched in September 2014, and obtained the Temporary Occupational Permit on 27 April 2017. With the progressive recovery of the property market, OKP will step up its marketing efforts to sell the remaining units after having sold about 75 per cent of the development. The other is a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road in Singapore, which has sold almost all its units and obtained the Temporary Occupation Permit on 30 December 2016.

We are embarking on another property development now after clinching the tender to acquire the land parcel at Chong Kuo Road for $43.9 million in early 2018, together with our partner, Lian Soon Holdings Pte Ltd. Our plan is to develop this 99-year leasehold land into a residential condominium of about 85 units, after obtaining the required approvals from relevant authorities.

The Group is also extending its property business overseas. Jointly with HSB Holdings Pte. Ltd., we acquired our first overseas property, a freehold modern office complex in Perth, Australia in February 2018 for A$43.5 million.

At OKP, the focus will continue to be on its civil engineering business, where we have established our decades-long track record and substantial expertise as the preferred civil engineering contractor for various industries, locally and overseas. Nevertheless,

OKP bought its first overseas property, a freehold modern office complex at 6-8 Bennett Street in Perth, Australia in partnership with HSB Holdings Pte. Ltd.

we are also pragmatic and expect the operating environment in the construction industry to remain challenging. This is due to rising 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, the Group has streamlined its operations and productivity through various measures. These include the adoption of advanced technologies and training programmes.

Our Group will continue to tender 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 express my deepest gratitude for the continuing and steadfast support of our shareholders, clients, business associates and suppliers through the decades. I would like to convey my heartfelt appreciation to the management team and staff for your capable leadership, good efforts and solid team work. As we look to the future, I will continue to depend on all of you for your best efforts to help the Group grow stronger and better in order to have a sustainable future.

I would also like to thank our Board of Directors for their invaluable counsel and helpful contributions, which they have given generously from their long years of experience. All of you have dedicated your time, efforts and investments to make OKP what it is today – and I truly appreciate all this valuable assistance.

I am confident that with all the combined hard work and commitment together as a team, we can build a strong 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

For OKP, good execution is the key to ensuring that projects are completed on time and within budget, and we remain committed to a high level of operational efficiency. We are confident that this will continue to help us to make our business stronger and better in the years to come.

OR TOH WAT
Group Managing Director

The Singapore construction industry remains upbeat with a steady stream of projects in the pipeline. The Building and Construction Authority (BCA) announced on 11 January 2018 that the projected construction demand in 2018 is expected to range between $26.0 billion and $31.0 billion, up from the $24.5 billion awarded in 2017.

Last year's total construction demand was lower than expected as there was a rescheduling of a few major public sector infrastructure projects such as the North-South Corridor to 2018. Longer preparation times were required to implement these large-scale and complex projects.

This year, the public sector construction demand is expected to grow to between $16.0 billion and $19.0 billion, up from the $15.5 billion in 2017, constituting about 60 per cent of total contracts. This is mainly because of an anticipated increase in demand for institutional and other buildings such as healthcare facilities and several smaller government projects that have been brought forward in response to the slowdown in the previous years.

In the case of the private sector, construction demand is expected to rise to between $10.0 billion and $12.0 billion in 2018, up from $9.0 billion in 2017. This is because of a better overall economic outlook and an improvement in property market sentiment.

Some of the civil engineering projects to be awarded this year include major contracts for the North-South Corridor, new MRT works and Deep Tunnel Sewerage System (DTSS) phase 2, and the remaining package for Runway 3 by Changi Airport Group.

With our long track record in public sector works as well as civil engineering projects, OKP looks forward to tendering for some of these infrastructure contracts.

WINNING NEW PROJECTS

During the year under review, OKP won three construction contracts totalling $30.7 million. The first $11.7 million construction project for the 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 was awarded by JTC Corporation. The second $8.8 million contract for advance works for Bulim Infrastructure Works was also awarded by JTC Corporation. The third S10.2 million construction project for proposed sewers in Lim Chu Kang Area – Contract 2 was awarded by the Public Utilities Board (PUB).

Currently, our net order book stays positive with $268.0 million of secured contracts, extending till 2021.

EXECUTING AND PERFORMING WELL

Our strong financial performance in FY2017 demonstrates that the Group is becoming stronger and better with revenue of $117.3 million, up by 5.6 per cent compared to the previous financial year. The financial results speak well of OKP's drive to maintain its leadership position in the infrastructure and civil engineering market in Singapore, even as the Group continues to explore other opportunities to grow its business.

OKP is involved in the construction of Stamford diversion canal – Tanglin and Kim Seng.

We can attribute the encouraging financial performance to our steadfast and reliable employees, who support OKP in executing its projects to their successful completion. All our key functions are well-manned by experienced staff, who are well-versed in the required procedures and operational processes. They are also able to interface efficiently 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 challenges, but we faced them responsibly and professionally. As with all service-oriented businesses, manpower and talent continued to be major issues for the Group. We have made it a priority to orientate our new employees, develop our people and offer sponsorships and scholarships to tap potential recruits. Thus far, we have been able to manage our resources well.

At OKP, we are fully aware that drawing and keeping talent, and growing potential in present and future staff, will always remain at the top of our agenda. It is only if we are able to maintain a highly qualified and experienced team that we may continue to deliver projects to the same high level of service quality that our clients have come to expect of us. The need continues to be most serious in the ranks of middle management levels such as supervisors and foremen. Our progressive human resource policy and our dedication to developing potential have helped us to retain most of our key staff.

OKP is involved in improvements to roadside drains at Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas.

As an employer of 779 workers, workplace safety is one of the key aspects of our operations. The Group is committed to providing its employees with a safe accident-free working environment and ensuring that they go home safe and sound after work. Needless to say, this commitment is also extended to our contractors, subcontractors and others who come to work at our worksites. Developing and instiling a culture of safety and good environmental awareness within the Group is an important factor in the planning and operation of our business. This involves training our workers, organising drills and taking all necessary measures to ensure a safe and risk-free working environment. If we fall short of our safety standards, we ensure that all precautions are taken to ensure stricter measures are being taken and safety is not compromised.

As a leading home-grown infrastructure and civil engineering company in the region, OKP 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 development and other investments. We have extended our capabilities by forming joint ventures to develop properties and bid

OUR GROUP MANAGING DIRECTOR'S REVIEW

for Mass Rapid Transit (MRT) projects. To date, the Group has been involved in developing 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. About 75 per cent of units at Amber Skye have been sold and the Group is intensifying its efforts to sell the rest. Almost all the units at LakeLife have been sold.

Our approach in property development is to keep a watchful eye on potential good investments. An opportunity arose recently when the Group, together with Lian Soon Holdings Pte Ltd, won the bid to acquire the land parcel at Chong Kuo Road, Singapore in February 2018, with plans to build a residential condominium of about 85 units.

In the same month, we ventured overseas when another opportunity arose. In partnership with HSB Holdings Pte. Ltd, we acquired our first overseas property, a freehold modern office complex, in Perth, Australia. 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 per cent occupied by a mix of government and corporate tenants. This acquisition is in line with our long-term strategy to diversify OKP's earnings and build a recurrent income base.

CONSTRUCTION: STRENGTHENING OUR POSITION IN PUBLIC SECTOR WORKS

The construction segment contributed $78.4 million to the Group's total revenue during the year under review. It is the main contributor to OKP's revenue, accounting for 66.9 per cent (2016: 81.5 per cent).

In 2017, there were two completed construction projects, which had been secured since 2014. One of the completed construction projects was the widening of Tanah Merah Coast Road, which was handed over successfully to the Land Transport Authority in May 2017. The other contract was for the construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14. It was completed in January 2017 and handed over to JTC Corporation.

Currently, OKP is busy with eight ongoing construction projects. The eight ongoing construction projects are construction of Stamford diversion canal Contract 1 – Tanglin and Kim Seng; Walk2Ride Programme (two contracts); construction of viaduct from Tampines Expressway (TPE) to Pan Island Expressway (PIE) (Westbound) and Upper Changi Road East; 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; proposed sewers in Lim Chu Kang Area – Contract 2; Advance works for Bulim Infrastructure Works; and infrastructure works at Punggol (Phase 1).

Three new projects were awarded by the Land Transport Authority (LTA), three by JTC Corporation, and two by PUB.

MAINTENANCE: ENHANCING OUR SOURCE OF RECURRENT INCOME

Maintenance contracts provide the "bread-and-butter" of our business, ensuring a constant and solid stream of recurrent income. These contracts are generally lower in value than construction projects and are executed over a longer time period, and are an indispensable part of our core business. They are also an important part of the services that we provide to our clients. Over the years, we have carved a reputation for ourselves in this area of work with many repeat clients. The maintenance segment contributed $38.8 million or 33.1 per cent (2016:18.5 per cent) to our total revenue, a jump of 88.5 per cent compared to a year ago. The increase in revenue contribution from the Group's maintenance segment supported OKP in attaining a higher revenue this past financial year.

In 2017, we completed one maintenance project. One of these projects was for road-related facilities, road structures and road safety schemes in East Sector, which was awarded by the LTA in May 2015 and completed in May 2017.

OKP started proposed infrastructure works at Punggol (Phase 1) in 2016.

Planned road resurfacing works along ECP, SLE, BKE, CTE and KPE being carried out at night.

Currently, the Group is working on five ongoing maintenance projects. Two of these projects were awarded by LTA. They are for road resurfacing works along PIE, Ayer Rajah Expressway (AYE) and other expressways; as well as along East Coast Parkway (ECP), Seletar Expressway (SLE), Bukit Timah Expressway (BKE), Central Expressway (CTE) and Kallang Paya Lebar Expressway (KPE).

The other three maintenance projects were awarded by PUB. One is for the improvements to roadside drains V Contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buloh areas); and another is for improvement to roadside drains V Contract C2 (Lorong 22 to 44 Geylang areas). The third is for improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas).

ENABLING SMOOTH PROJECT OPERATIONS

Good project management is key for smooth and efficient project execution. The Group is fortunate to have managers who have the capability to motivate employees to put in their best efforts. At OKP, we prioritise excellent teamwork and efficient communication to enable everyone to carry out our projects effectively, thus making sure that we deliver to our clients a high level of service to their satisfaction.

Our experiences in human resources management and project execution has assisted us to resolve any issues which we have encountered and to strengthen our operation and business as a whole.

EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group is glad to see a rise in revenue of $117.3 million, up by 5.6 per cent compared to the previous financial year.

OKP is involved in infrasructure works under the Walk2Ride programme such as the high-covered linkway at Fajar Road.

However, gross profit dropped marginally by 1 per cent to $21.7 million compared to the previous year's $21.9 million while gross profit margin decreased slightly to 18.5 per cent compared to 19.7 per cent a year ago. The lower gross profit margin was largely attributable to lower profit margins for new and some current maintenance projects due to a more competitive pricing environment and increasing manpower costs. Net profit attributable to equity holders was $12.7 million, down from $14.3 million in the previous year.

Overall, better project management and tighter cost controls have been factors in exercising more prudent financial management. However, exercising a high level of financial prudence does not mean cutting corners. For OKP, good execution is the key to ensuring that projects are completed on time and within budget, and we remain committed to a high level of operational efficiency. We are confident that this will help us to continue to make our business stronger and better now and in the years to come.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my heartfelt gratitude and sincere thanks to my management team and all employees for their efforts, dedication and solid teamwork. As we work diligently and professionally together as a company, I feel assured that our labour will not be in vain and will certainly bear good fruits as we continue our journey towards being the first and preferred civil engineering contractor in Singapore and beyond.

OR TOH WAT
Group Managing Director

OUR FUTURE OUTLOOK

In 2017, the Singapore economy saw a growth of 3.6 per cent, an improvement over the 2.4 per cent growth in 2016, according to the Ministry of Trade and Industry's announcement on 14 February 2018.

However, the construction sector did not fare that well, shrinking by 8.4 per cent compared to the 1.9 per cent growth in the previous year. Lower output in this sector was mainly due to weak private sector construction works, which decreased by 29.1 per cent due to a decline in private residential and private industrial works.

Despite some brighter predictions, the economy worldwide remains unpredictable with rising political and economic uncertainties. There are also signs of a surge in anti-globalisation and protectionist fervour, which will negatively impact global trade. These factors are expected to affect the Singapore economy with the Ministry's growth forecast to be between 1.5 and 3.5 per cent for 2018.

Although the global economic climate stays unstable, the Singapore construction industry retains a positive vibe with potential for more sustainable work. According to the Building and Construction Authority's projections, the value of construction contracts to be awarded in 2018 will range between $26.0 billion and $31.0 billion, up from the $24.5 billion awarded in 2017.

The projected higher construction demand is due mainly to an anticipated rise in public sector construction demand, which is expected to grow from the $15.5 billion in 2017 to between $16.0 billion and $19.0 billion in 2018. About 60 per cent will be from the public sector, which is boosted by an anticipated increase in demand for institutional and other buildings such as healthcare facilities, civil engineering works, and several smaller government projects that have been brought forward in response to the slowdown in the previous years. This certainly gives the construction industry a good reason to cheer.

Of interest to the Group will be the civil engineering contracts relating to mega public sector infrastructure projects such as the North-South Corridor, new MRT works, Deep Tunnel Sewerage System Phase 2 and the remaining package for Runway 3 by Changi Airport Group. Similarly, the private sector's construction demand is expected to pick up from $9.0 billion in 2017 to between $10.0 billion and $12.0 billion in 2018. This is attributed to an overall positive economic outlook and the upturn in property market sentiment.

Looking further ahead to 2019 to 2022, public sector construction demand is projected to be between $18.0 billion and $23.0 billion per year, with similar demand coming from building projects and civil engineering works. Besides public housing developments and more healthcare and educational facilities, public sector demand over the medium term will be supported by various upcoming

mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5. In addition, we expect private sector construction demand to grow progressively in the medium term, boosted by the redevelopment of en-bloc sale sites and brighter outlook in other economic sectors.

Thus, civil engineering construction demand is expected to remain optimistic beyond 2018. This encouraging outlook augurs well for infrastructure and civil engineering companies such as OKP.

Nevertheless, the construction industry continues to face challenges such as rising business costs, a tight labour market, and insufficient experienced and skilled manpower. This is due to the prevailing government policies and legislation involving foreign worker recruitment.

EMERGING STRONGER AND BETTER

In the midst of all these challenges, OKP remains stable and strong as it has endured the ups and downs of a business cycle many times in the past to become one of the leading transport infrastructure and civil engineering companies in Singapore. Indeed, we remain resilient and have been recognised for our vast expertise, solid experience and capable management team.

Furthermore, the Group has been extending its capabilities by venturing into joint ventures for property developments and bidding of future MRT projects. We have also expanded our footprint overseas by acquiring our first overseas property, a freehold modern office complex, in Perth, Australia, and setting up a representative office in Jakarta, Indonesia. As we move firmly forward to achieve enduring and sustainable growth, we are sure that we will emerge stronger and better as a company with a stable future ahead.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	Restated* FY2013 $'000
For The Year					
Revenue - Construction	**78,448**	90,492	77,572	71,113	78,677
Revenue - Maintenance	**38,846**	20,607	25,718	38,363	28,317
Revenue	**117,294**	111,099	103,290	109,476	106,994
Revenue - Construction (% of total revenue)	**66.9%**	81.5%	75.1%	65.0%	73.5%
Revenue - Maintenance (% of total revenue)	**33.1%**	18.5%	24.9%	35.0%	26.5%
Gross profit	**21,694**	21,919	13,768	8,760	11,171
Gross profit (%)	**18.5%**	19.7%	13.3%	8.0%	10.4%
Earnings Before Interest, Taxation,Depreciation and Amortisation (EBITDA)	**17,874**	19,476	10,826	5,240	8,608
EBITDA margin (%)	**15.2%**	17.5%	10.5%	4.8%	8.0%
Finance cost (i.e. Interest expense)	**76**	72	62	54	59
Profit before income tax	**14,986**	16,507	7,606	2,200	5,317
Profit before income tax (%)	**12.8%**	14.9%	7.4%	2.0%	5.0%
Net profit	**12,716**	14,338	7,004	2,539	4,809
Net profit (%)	**10.8%**	12.9%	6.8%	2.3%	4.5%
Profit after income tax and non-controlling interests (PATMI)	**12,716**	14,338	7,005	2,541	4,812
PATMI Margin (%)	**10.8%**	12.9%	6.8%	2.3%	4.5%

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	Restated* FY2013 $'000
At Year End					
Current assets	**112,063**	106,389	83,381	74,076	75,052
Total assets	**166,325**	164,217	137,768	132,581	134,572
Current liabilities	**41,309**	46,813	30,813	32,202	34,875
Total liabilities	**43,814**	49,793	33,081	34,276	37,869
Total debt (i.e. finance lease)	**2,481**	3,148	2,587	2,235	2,742
Shareholders' equity	**122,511**	114,424	104,687	98,255	96,651
Total equity	**122,511**	114,424	104,687	98,305	96,703
Operating cashflow	**17,492**	28,265	20,254	(1,115)	(1,467)
Cash and cash equivalents	**86,107**	74,685	54,689	34,009	37,577
Net tangible assets	**120,774**	112,711	102,916	96,427	94,752
Net construction order book	**267,990**	329,859	344,873	296,837	161,614
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)	**34.00**	29.00	22.00	25.50	34.50
Market capitalisation as at 31 December	**104,867**	89,445	67,855	78,650	106,409
Capital expenditure	**3,461**	4,092	2,879	2,360	3,331

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	Restated* FY2013 $'000
Financial Ratios					
Profitability					
Revenue growth (%)	**5.6%**	7.6%	(5.7%)	2.3%	2.4%
PATMI growth (%)	**(11.3%)**	104.7%	175.7%	(47.2%)	(61.1%)
Return on assets (%) (PATMI/Total assets)	**7.6%**	8.7%	5.1%	1.9%	3.6%
Return on equity (%) (PATMI/Ave shareholders equity)	**10.7%**	13.1%	6.9%	2.6%	5.0%
Liquidity					
Current ratio (times)	**2.7**	2.3	2.7	2.3	2.2
Cash as per share (cents)	**27.9**	24.2	17.7	11.0	12.2
Net tangible assets per share (cents)	**39.2**	36.5	33.4	31.3	30.7
Leverage					
Total debt to equity ratio (times) (Total debt/Total equity)	**<0.1**	<0.1	<0.1	<0.1	<0.1
Interest cover (times) (EBITDA/Finance cost)	**235.2**	270.5	174.6	97.0	145.9
Investors' Ratio					
Earnings per share (cents)					
- Basic	**4.1**	4.7	2.3	0.8	1.6
- Fully diluted	**4.1**	4.7	2.3	0.8	1.6
Gross dividend per share (cents) - ordinary	**0.7**	1.2	0.8	0.1	0.3
Gross dividend per share (cents) - special	**1.3**	0.8	0.3	0.0	0.0
Total gross dividend per share (cents) (DPS)	**2.0**	2.0	1.1	0.1	0.3
Gross dividend yield (%) based on year end share price	**5.9%**	6.9%	5.0%	0.4%	0.9%
Gross dividend payout (%) (DPS/Basic EPS)	**48.8%**	42.6%	47.8%	12.5%	18.8%
Productivity					
Number of employees	**779**	808	814	841	849
Revenue/employee ($'000)	**150.6**	137.5	126.9	130.2	126.0

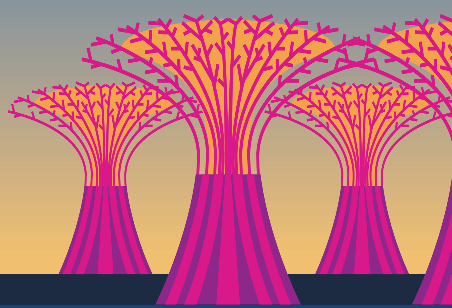
OKP is involved in infrastructure works under the Walk2Ride programme such the sheltered high-covered linkway at Haw Par Villa.

OKP is involved in the 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.

* Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

BUILDING STRONGER FOUNDATIONS

Developing Greater Expertise



Focusing on becoming a solid sustainable business for the long term, we continue to build stronger foundations and develop greater expertise, thus extending our industry presence.

OUR CORPORATE PROFILE

OUR CORPORATE PROFILE

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

In addition, OKP undertakes maintenance works for roads and road-related facilities as well as building construction-related works. Over the past decades, we have expanded our core business to include property development and investment.

OKP has completed a construction project at Seletar Airport.

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, the Group has grown in capabilities and experience to become a leading infrastructure and civil engineering group today with two core business divisions – Construction and Maintenance. The Group tenders for both public and private civil engineering and infrastructure construction 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.

Designing and building of interchange at TPE/Sengkang West Road/Seletar Aerospace Way is one of OKP's completed projects.

CORPORATE DEVELOPMENTS

The Group's central strategy is to build up strong foundations in our core competencies and at the same time, enhance our presence in other revenue-generating sectors, thus ensuring a sustainable future for the Group. Our expertise and reputation as a leading player in the public sector have been well recognised, especially in Singapore. Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd, both 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.

Thinking ahead, the Group made several strategic moves to grow its capabilities and boost its reputation 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 goal of taking part in Mass Rapid Transit (MRT) project tenders and take on MRT projects if successful in tenders.

We also constantly seek new opportunities to build on our property development and investment portfolio. In September 2013, OKP Land Pte Ltd. 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 a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road in Singapore. In October 2014, LakeLife was successfully launched and almost all its units were sold. The Temporary Occupation Permit was granted on 30 December 2016.

In June 2012, OKP Land Pte. Ltd., took a 10 per cent stake in CS Amber Development Pte. Ltd., a subsidiary corporation of CS Land Pte Ltd., the property arm of CS International (S) Pte. Ltd. Currently, the property developer is developing a luxury condominium project, Amber Skye, at Amber Road, which has been launched for sale.

Earlier in December 2010, wholly-owned subsidiary corporation, Or Kim Peow Contractors (Pte) Ltd, entered into a 50-50 joint venture with Soil-Build (Pte) Ltd, a wholly-owned subsidiary corporation of Soilbuild Construction Group Ltd, which is an established construction company in Singapore. In the same month, the 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 condominium in Angullia Park, Orchard Road. The development has since been completed.

Another of OKP's business goals is to continue to increase its presence in the oil and gas industry. In 2006, the Group first entered this sector when it 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, the Group has won numerous other projects including civil works relating

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

to ExxonMobil's multi-billion dollar petrochemical project, known as the Second Petrochemical Complex. In August 2010, the Group advanced its progress in the sector with the signing of a contract for land reclamation works on Jurong Island.

Through the years, the Group has won various awards for its annual reports, corporate governance and investor relations efforts. In August 2010, the Company made the 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. It 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 $104.9 million (2016: $89.4 million) while net tangible assets amounted to $120.8 million (2016: $112.7 million] as at 31 December 2017.

One of OKP's completed projects at Lorong 101-108 Changi Road/Langsat Road, Hillview Avenue, Thomson Road, Jalan Teliti and Balestier Road/Boon Teck Road areas.

OUR MILESTONES

2017

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

2016

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

OKP management at the Singapore Corporate Awards 2016 where it won the Best Annual Report (Gold) in the "Companies with less than $300 million market capitalisation" category.

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2015

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

Our Executive Director, Mr Or Lay Huat Daniel (centre) receiving award for Runner Up in the Mainboard Small Caps category at the Securities Investors Association (Singapore) 16th Investors' Choice Awards 2015.

2014

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

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

2013

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

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

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OUR MILESTONES

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.

Our Group Managing Director, Mr Or Toh Wat (centre) receiving Most Transparent Company Award under Mainboard Small Caps Category from Mr Chew Choon Seng, Chairman of Singapore Exchange at the Securities Investors Association (Singapore) 13th Investors' Choice 2012 Award ceremony.

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

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2011

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

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

2010

- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd, 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

- 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.


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, (left) at the Total Defence Awards 2009 in recognition for OKP's support and contribution to Total Defence.

OUR MILESTONES

2008

- OKP was the Silver Winner for Best Investor Relations Award – Small Market Capitalisation category, at the Singapore Corporate Awards 2008.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (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.
- Upgraded our listing from the Catalist (formerly Sesdaq) to the SGX Mainboard with effect from 25 July 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.
- Successfully completed two projects from the LTA to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race which took place in September 2008.
- Successfully completed our first and largest oil and gas-related project, which is related to the $750.0 million Universal Terminal, a massive petroleum storage facility.

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

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2007

- Issued and allotted 13.6 million new ordinary shares for cash at $0.16821 each pursuant to a placement exercise.
- Incorporated a 55 per cent joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, to carry out civil engineering projects in respect of oil, petrochemical and gas-related businesses in Singapore. It secured a total of three projects on Jurong Island worth a total of $11.1 million.
- Secured a $44.0 million civil engineering project relating to ExxonMobil's multi-billion dollar Second Petrochemical Complex from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.
- Secured two awards totalling $8.6 million from the LTA to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race slated for September 2008.
- Received the Contractor of the Month Award for October and November 2007 from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

OKP modified and resurfaced part of the Formula One race circuit around the Marina Bay area in the city centre in preparation for the F1 race.

2006

- Awarded our 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.
- Entered into the oil and gas industry with our first and largest project worth approximately $50.0 million.
- Became 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, and also received the Contractor of the Month Award for July 2006 from both companies.
- Won the Best Annual Report Award (Gold) for Sesdaq company at the Inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure.
- Incorporated a 55 per cent-owned subsidiary corporation, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia.
- Wholly-owned subsidiary Eng Lam Contractors Co. (Pte) Ltd was the winner of the Housing & Development Board Safety Award 2006 for the construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6).
- Secured our first project with the National Parks Board.

2005

- Incorporated a 96 per cent-owned subsidiary corporation, OKP (CNMI) Corporation in Saipan, Commonwealth of Northern Mariana Islands (CNMI) to handle the Group's infrastructure, construction and building-related businesses in CNMI.

2004

- Ranked the 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.
- Successfully completed our first construction-related high-rise building project.

2003

- Incorporated a wholly-owned subsidiary corporation, OKP Investments (China) Pte Ltd, to handle construction-related business in China.
- Entered into an Alliance Agreement with other building and construction professionals to offer a one-stop solutions centre to customers in India and other countries.
- Undertook our first construction-related high-rise building project worth $10.5 million with a private property developer.


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


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

2002

- Listed on the Sesdaq 26 July 2002.
- Secured our first airport-related project worth $39.5 million.
- Secured our first design and build project worth $21.6 million.

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OUR AWARDS AND ACCOLADES

COMPANY RANKING

2012

Received the 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).

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.

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

2012

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

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

2010

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

2009

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

2008

OKP was the Silver Winner for Best Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008.

Safety Recognition Award from Changi Aiport Group.

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.

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).

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 (Civil contracts between $20 million and $50 million)" for Contract ER368.

2013

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

OUR 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.

NS Advocate Award at Total Defence Award 2016.

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.

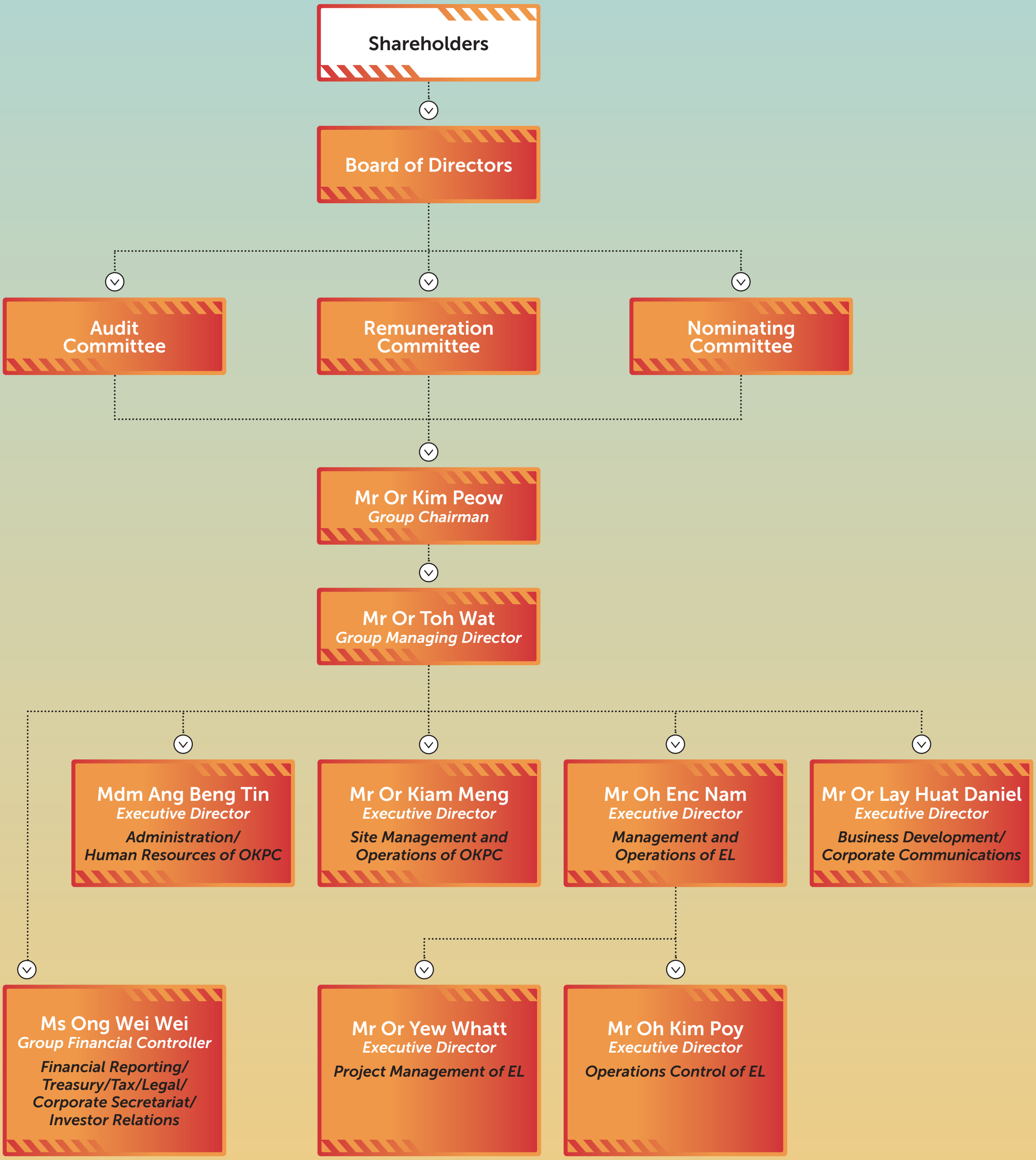
2009

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.

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, BBM

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 58 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 51 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.

He is also actively involved in community activities and in recognition of his contributions, Mr Or was awarded the Public Service Award (PBM) in 2003 and the Public Service Award (BBM) in 2014. He is currently the Patron of Potong Pasir Citizens' Consultative Committee and a Fellow of the Singapore Institute of Directors.

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

MR OR TOH WAT, BBM

Group Managing Director

Date of first appointment as a director: 15 February 2002
Date of last re-appointment as director: Not Applicable

Mr Or Toh Wat, BBM, has more than 26 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.

Actively involved in community activities and in recognition of his contributions, Mr Or was awarded the Public Service Award (PBM) in 2005 and the Public Service Award (BBM) in 2013. He is currently the Chairman of Potong Pasir Community Club Management Committee.

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: 27 April 2015

Joining the Group in 1979, Mdm Ang Beng Tin has more than 43 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 32 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.

Mr Or is currently the Patron of Anchorvale Community Centre Management Committee. 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 38 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, PBM
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. Actively involved in community activities and in recognition of his contributions, he was awarded the Public Service Award (PBM) in 2014. Currently, he is a member of Tampines Group Representation Constituency (GRC) and the First Vice Chairman of Tampines West Citizen Consultative Committee. He is also a member and serves as Treasurer of the School Advisory Committee (SAC) of East View Primary School. 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; HLH Group Limited (previously known as PDC Corp Ltd); 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 & Nominating Committee

Date of first appointment as a director: 1 June 2005
Date of last re-appointment as director: 27 April 2015

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 27 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 43 years of experience in the construction industry.

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

OUR GROUP STRUCTURE

OKP HOLDINGS LIMITED
胡金標控股有限公司
UEN: 200201165G

- 100% **Or Kim Peow Contractors (Pte) Ltd** — UEN: 197701891R
  - 50% **Forte Builder Pte. Ltd.** — UEN: 201025925M
  - 25% **United Singapore Builders Pte. Ltd.** — UEN: 201322256C
  - 50% **Chye Joo - Or Kim Peow JV** — UEN: 53295493M
- 100% **Eng Lam Contractors Co. (Pte) Ltd** — UEN: 199206337G
- 100% **OKP Technical Management Pte Ltd** — UEN: 200202135E
  - 50% **CS – OKP Construction and Development Pte. Ltd.** — UEN: 200922422E
- 100% **OKP Investment (Singapore) Pte. Ltd.** — UEN: 200307117G
- 100% **OKP (Oil & Gas) Infrastructure Pte. Ltd.** — UEN: 200703711W
  - **Representative Office** — Indonesia - Jakarta
- 100% **OKP Land Pte. Ltd.** — UEN: 201129780N
  - 10% **CS Amber Development Pte. Ltd.** — UEN: 200916566C
  - 10% **Lakehomes Pte. Ltd.** — UEN: 201322086K
- 100% **OKP Transport & Trading Pte. Ltd.** — UEN: 201212052G
- 100% **United Pavement Specialists Pte. Ltd.** — UEN: 200606820Z

Subsidiary Corporations
Incorporated Joint Ventures
Associated Companies
Unincorporated Joint Ventures

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 8356
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
#43-03 DBS Asia Central @ MBFC 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

MAKING BETTER PATHWAYS

Advancing Steadfast Partnerships

We use our vast experience and collaborative approach to work closely with our customers and business partners, thus creating opportunities and advancing our business effectively.

OUR OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

BUSINESS SEGMENTAL BREAKDOWN

I. CONSTRUCTION

Completed Construction Projects

During the year under review, there were two completed construction projects, which were secured since April 2014 and completed by January 2017.

The construction segment continued to be the major contributor to our Group's total revenue, contributing 66.9 per cent or $78.4 million in FY2017.

List of Completed Construction Projects

No	Description of completed construction projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1.	Widening of Tanah Merah Coast Road (ER458)	Land Transport Authority	April 2014	May 2017	37,270,000
2.	Construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14 (JTC C00302015)	JTC Corporation	April 2015	January 2017	20,377,000

Ongoing Construction Projects

During the year, we secured three construction projects. Two of the contracts were awarded in June 2017 by JTC Corporation. One was for the 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. The second was for advance works for Bulim infrastructure works. The third construction contract was for proposed sewers in Lim Chu Kang Area – Contract 2, awarded by the Public Utilities Board (PUB) in August 2017.

In 2017, we continued the execution of several ongoing construction projects, which had been secured since June 2014.

OKP is involved in the construction of viaduct from TPE to PIE (Westbound) and Upper Changi Road East .

OKP is involved in infrastructure work at Punggol (Phase 1).

List of Ongoing Construction Projects

No	Description of ongoing construction projects	Customer	Date of Commencement	Estimated Date of Completion	Contract Value ($)
1.	Construction of Stamford diversion canal Contract 1 – Tanglin and Kim Seng (1140278)	Public Utilities Board	June 2014	December 2017 (extended till January 2018)	50,627,000
2.	Walk2Ride Programme (ER442)	Land Transport Authority	February 2015	December 2018	60,963,500
3.	Walk2Ride Programme (ER443)	Land Transport Authority	February 2015	February 2019	82,963,500
4.	Construction of viaduct from TPE to PIE (Westbound) and Upper Changi Road East (ER449A)	Land Transport Authority	November 2015	November 2019	94,627,000
5.	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)	JTC Corporation	June 2017	April 2018	11,684,000
6.	Advance works for Bulim Infrastructure Works (C170033T00)	JTC Corporation	June 2017	February 2018	8,756,910
7.	Proposed sewers in Lim Chu Kang Area – Contract 2 (1170393)	Public Utilities Board	August 2017	February 2020	10,250,000
8.	Proposed infrastructure works at Punggol (Phase 1) (C160071T00)	JTC Corporation	July 2016	October 2017 (extended till February 2018)	19,287,000

In addition to the above projects, a PUB 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	Customer	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)	Public Utilities Board	May 2015	May 2018	146,486,298

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

OKP is involved in the construction of proposed sewers in Lim Chu Kang.

OUR OPERATING AND FINANCIAL REVIEW

II. MAINTENANCE

Completed Maintenance Projects

We completed one maintenance project during the year under review. The project involved road-related facilities, road structure and road safety schemes in East Sector.

In addition to providing a stable and recurrent income stream for us, our maintenance segment is an important part of the services that we provide to our clients. This segment contributed $38.8 million, which constituted 33.1 per cent of our Group's total revenue in 2017.

List of Completed Maintenance Project

No	Description of Completed Maintenance Project	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1.	Road-related facilities, road structure and road safety schemes in East Sector (TR212)	Land Transport Authority	May 2015	May 2017	19,727,000

Ongoing Maintenance Projects

We won one new maintenance contract in January 2018. The contract from the PUB is for improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas).

Besides the new maintenance contracts, we are working on five ongoing maintenance projects.

List of Ongoing Maintenance Projects

No	Description of Ongoing Maintenance Projects	Customer	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)	Public Utilities Board	February 2016	August 2018	9,827,000
2.	Road resurfacing works along PIE, AYE and other expressways (TR221)	Land Transport Authority	June 2016	June 2018	27,853,500
3.	Planned road surfacing works along ECP, SLE, BKE, CTE and KPE (TR222)	Land Transport Authority	June 2016	June 2018	26,813,500
4.	Improvement to roadside drains V Contract C2 (Lorong 22 to 44 Geylang areas) (1160319)	Public Utilities Board	June 2016	December 2018	17,987,000

List of Ongoing Maintenance Project Secured After FY2017

No	Description of Ongoing Maintenance Project	Customer	Date of Commencement	Date of Completion	Contract Value ($)
5.	Improvement to roadside drains V Contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas) (CW-DD/33170165)	Public Utilities Board	January 2018	January 2021	13,836,000

INCOME STATEMENT

	FY2017 $'000	FY2016 $'000	Change $'000	Change
Revenue				
- Construction	78,448	90,492	(12,044)	(13.3%)
- Maintenance	38,846	20,607	18,239	88.5%
Total revenue	**117,294**	**111,099**	**6,195**	**5.6%**
Cost of works	(95,600)	(89,180)	(6,420)	7.2%
Gross profit	**21,694**	**21,919**	**(225)**	**(1.0%)**
Gross profit margin	18.5%	19.7%		
Other income	882	2,472	(1,590)	(64.3%)
Expenses				
- Administrative	(10,033)	(10,842)	809	(7.5%)
- Finance	(76)	(72)	(4)	5.6%
- Share of results of associated companies and joint ventures (net of tax)	2,519	3,030	(511)	(16.9%)
Profit before income tax	**14,986**	**16,507**	**(1,521)**	**(9.2%)**
Income tax expense	(2,270)	(2,169)	(101)	(4.7%)
Net profit	**12,716**	**14,338**	**(1,622)**	**(11.3%)**
Net profit margin	10.8%	12.9%		
Profit attributable to:				
Equity holders of the Company	12,716	14,338	(1,622)	(11.3%)

OKP is involved in infrastructure works under the Walk2Ride programme, such as the covered linkway at Farrer MRT.

OKP is involved in improvements to roadside drains at Lorong 22 to 44 Geylang areas.

OUR OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

	FY2017 $'000	FY2016 $'000	Change $'000	Change
Current assets				
- Cash and cash equivalents	86,107	74,685	11,422	15.3%
- Trade and other receivables	24,486	30,202	(5,716)	(18.9%)
- Construction contract work-in-progress	1,470	1,502	(32)	(2.1%)
Non-current assets				
- Investments in joint ventures	5,495	5,604	(109)	(1.9%)
- Investments in associated companies	3,175	973	2,202	226.3%
- Investment properties	7,200	5,080	2,120	41.7%
- Other receivables	16,601	24,026	(7,425)	(30.9%)
- Financial asset, available-for-sale	-	1,015	(1,015)	(100.0%)
- Property, plant and equipment	20,054	19,417	637	3.3%
- Intangible assets	1,737	1,713	24	1.4%
Total assets	**166,325**	**164,217**	**2,108**	**1.3%**
Current liabilities				
- Trade and other payables	(38,083)	(43,740)	(5,657)	(12.9%)
- Finance lease liabilities	(1,067)	(1,120)	(53)	(4.7%)
- Current income tax liabilities	(2,159)	(1,953)	206	10.5%
Non-current liabilities				
- Finance lease liabilities	(1,414)	(2,028)	(614)	(30.3%)
- Deferred income tax liabilities	(1,091)	(952)	139	14.6%
Total liabilities	**(43,814)**	**(49,793)**	**(5,979)**	**(12.0%)**
Net assets	**122,511**	**114,424**	**8,087**	**7.1%**
Total shareholders' equity	**122,511**	**114,424**	**8,087**	**7.1%**

OKP is involved in infrastructure works under the Walk2Ride programme, such as covered linkway to new ramp at South View LRT.

OKP is involved in the 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.

INCOME STATEMENT

REVENUE

Our Group reported a 5.6 per cent or $6.2 million increase in revenue to $117.3 million for FY2017 as compared to $111.1 million for FY2016. The increase was due mainly to a 88.5 per cent increase in revenue from the maintenance segment to $38.8 million, partially offset by a 13.3 per cent decrease in revenue from the construction segment to $78.4 million.

The increase in revenue from the maintenance segment was due mainly to the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they progressed to a more active phase in FY2017.

The decrease in revenue from the construction segment was largely attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, coupled with reduced revenue generated from a construction project as a result of a worksite incident at the Tampines Expressway to Pan-Island Expressway exit in FY2017.

The construction segment continued to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 66.9 per cent (2016: 81.5 per cent) and 33.1 per cent (2016: 18.5 per cent) respectively of our Group's revenue for FY2017.

COST OF WORKS

Our cost of works increased by 7.2 per cent or $6.4 million from $89.2 million for FY2016 to $95.6 million for FY2017. The increase in cost of works was due mainly to:

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

(b) an increase in labour costs due to salary adjustments;

(c) a penalty of $0.3 million paid for a worksite incident in September 2015;

(d) an increase in the cost of construction materials due to higher utilisation of materials as some of the projects progressed to a more active phase during FY2017;

(e) an additional cost of $3.2 million arising from a construction project at the Tampines Expressway to Pan-Island Expressway exit; and

(f) an increase in preliminary costs and overheads such as professional and legal fees, depreciation of property, plant and machinery, hiring costs and transportation costs during FY2017. The professional fees related to the engagement of consultants to design the construction methods for our ongoing projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects during FY2017.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit for FY2017 decreased marginally by 1 per cent or $0.2 million from $21.9 million for FY2016 to $21.7 million for FY2017.

Our gross profit margin decreased marginally from 19.7 per cent for FY2016 to 18.5 per cent for FY2017.

The lower gross profit margin for FY2017 was largely attributable to lower profit margins for new and some current maintenance projects as a result of a more competitive pricing environment and rising manpower costs

OTHER INCOME

Other income decreased by $1.6 million or 64.3 per cent from $2.5 million for FY2016 to $0.9 million for FY2017. The decrease was largely attributable to:

(a) a technical management consultancy fee of $1.2 million received in relation to a piling project in Jakarta, Indonesia during FY2016, which did not recur in FY2017;

(b) a decrease in government grants of $0.2 million received which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme); and

(c) a loss of $0.3 million in foreign exchange resulting from the weakening of the US Dollar against the Singapore Dollar during FY2017,

which were partially offset by:

(d) an increase in interest income received of $0.1 million due to higher interest earned from higher bank deposits during FY2017.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by $0.8 million or 7.5 per cent from $10.8 million for FY2016 to $10.0 million for FY2017. The decrease was largely attributable to:

(a) lower directors' remuneration (including profit sharing) accrued as a result of the lower profit generated by the Group for FY2017; and

(b) a provision for impairment of non-trade receivable of $0.8 million during FY2016, which did not recur in FY2017. The provision for impairment of non-trade receivable related to a loan extended to an associated company, CS Amber Development Pte Ltd,

OUR OPERATING AND FINANCIAL REVIEW

OKP completed the widening of Tanah Merah Coast Road.


OKP is involved in advance works for Bulim infrastructure works.

which were partially offset by:

(c) an increase in staff costs due to salary adjustments during FY2017.

FINANCE EXPENSES

Finance expenses remained relatively constant at $77,000 and $72,000 in FY2017 and FY2016 respectively.

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

	The Group	
	Financial Year ended 31 Dec 2017	Financial Year ended 31 Dec 2016
	$'000	$'000
Share of profit of joint ventures[a]	1,991	2,707
Share of profit of associated companies[b]	530	323
	2,521	**3,030**

(a) Share of profit of joint ventures

The share of profit of joint ventures decreased by $0.7 million due mainly to:

(i) the $0.8 million decrease in the share of profits from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from the few remaining units of the development which were ready for handover during FY2017,

which was partially offset by:

(i) the $0.1 million increase in the share of profit from a construction project undertaken by Chye Joo – Or Kim Peow JV during FY2017.

(b) Share of profit of associated companies

The $0.2 million increase in the share of profit of associated companies was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project secured during FY2017.

PROFIT BEFORE INCOME TAX

Profit before income tax decreased by $1.5 million or 9.2 per cent from $16.5 million for FY2016 to $15.0 million for FY2017. The decrease was due mainly to (1) the decrease in gross profit of $0.2 million, (2) the decrease in other income of $1.6 million and (3) the decrease in the share of profit of associated companies and joint ventures of $0.5 million. The decrease was partially offset by the decrease in administrative expenses of $0.8 million, as explained above.

INCOME TAX EXPENSE

Income tax expense increased by $0.1 million or 4.7 per cent from $2.2 million in FY2016 to $2.3 million in FY2017 despite lower profit before income tax, as explained above.

The effective tax rates for FY2017 and FY2016 were 15.1 per cent and 13.1 per cent respectively.

The effective tax rate for FY2017 was lower than the statutory tax rate of 17 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.

The effective tax rate for FY2016 was lower than the statutory tax rate of 17 per cent, due mainly to (1) enhanced tax deductions under the Productivity and Innovation Credit Scheme, (2) statutory stepped income tax exemption and (3) a tax rebate of 50 per cent on the corporate tax payable.

NET PROFIT

Our net profit decreased by $1.6 million or 11.3 per cent, from $14.3 million for FY2016 to $12.7 million for FY2017 due to the decrease in profit before income tax of $1.5 million coupled with the increase in income tax expense of $0.1 million, as explained above.

Our net profit margin decreased from 12.9 per cent for FY2016 to 10.8 per cent for FY2017.

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

Current assets increased by $5.7 million, from $106.4 million as at 31 December 2016 to $112.1 million as at 31 December 2017. The increase was attributable to:

(a) an increase in cash and cash equivalents of $11.4 million. This was due mainly to the cash generated from operations for the financial year ended 31 December 2017 ("FY2017") of $17.4 million, which was partially offset by cash used in investing activities of $0.1 million, cash used in payment of dividends to shareholders of $4.6 million, and repayment of finance lease liabilities and servicing of interest payments of $1.3 million,

which was partially offset by:

(b) a decrease in trade and other receivables of $5.7 million due to settlement of billings by a few customers during FY2017.

NON-CURRENT ASSETS

Non-current assets decreased by $3.5 million, from $57.8 million as at 31 December 2016 to $54.3 million as at 31 December 2017. The decrease was attributable to:

(a) a decrease in financial assets, available-for-sale of $1.0 million resulting from the sale of a financial asset, available-for-sale; and

(b) a decrease in other receivables of $7.4 million arising from (1) reclassification of a loan to a joint venture, Lakehomes Pte Ltd of $3.8 million to current assets as the loan will be repaid in one year or less, (2) the repayment of loan of $2.0 million and (3) a notional fair value adjustment of $1.6 million of the loan to an associated company, CS Amber Development Pte Ltd,

which were partially offset by:

(c) an increase in investment properties of $2.1 million resulting from the purchase of the property at 7 Woodlands Industrial Park E2 Singapore 757450 for $2.2 million, which was partially offset by the fair value loss of $0.1 million arising from the revaluation of some investment properties in FY2017;

(d) an increase in property, plant and equipment of $0.6 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment; and

(e) an increase in investments in associated companies of $2.2 million arising from (1) the share of profit of $0.5 million from an associated company, United Singapore Builders Pte Ltd and (2) a notional fair value adjustment of $1.6 million of the loan to an associated company, CS Amber Development Pte Ltd, during FY2017.

CURRENT LIABILITIES

Current liabilities decreased by $5.5 million, from $46.8 million as at 31 December 2016 to $41.3 million as at 31 December 2017. The decrease was due mainly to:

(a) a decrease in trade and other payables of $5.6 million arising from (1) lower accrued operating expenses related to project costs and (2) settlement of some major trade payables during FY2017; and

(b) a decrease in finance lease liabilities of $0.1 million as a result of repayment of finance lease liabilities,

which were partially offset by:

(c) an increase in current income tax liabilities of $0.2 million due to certain non-deductible items added back for tax purposes during FY2017.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by $0.5 million, from $3.0 million as at 31 December 2016 to $2.5 million as at 31 December 2017. The decrease was due mainly to:

(a) a decrease in finance lease liabilities of $0.6 million as a result of repayment of finance lease liabilities during FY2017,

which was partially offset by:

(b) an increase in deferred tax liabilities of $0.1 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes in FY2017.

SHAREHOLDERS' EQUITY

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by $8.1 million, from $114.4 million as at 31 December 2016 to $122.5 million as at 31 December 2017. The increase was largely attributable to:

(a) the profit generated from operations of $12.7 million in FY2017,

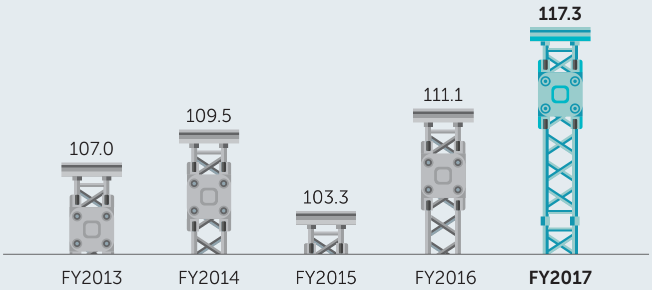
which was partially offset by:

(b) the dividend payment to shareholders of $4.6 million during FY2017.

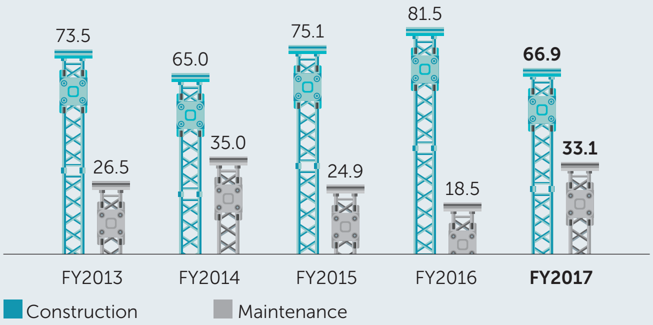
OUR OPERATING AND FINANCIAL REVIEW

REVENUE

REVENUE
$'Million



REVENUE BY BUSINESS SEGMENT
Per Cent



Revenue in FY2017 increased by 5.6 per cent to $117.3 million compared to $111.1 million in FY2016.

The increase in revenue was contributed mainly by the maintenance segment, which was mainly driven by the higher percentage of revenue recognised from a number of both existing and newly awarded maintenance projects as they advanced to a more active phase in FY2017.

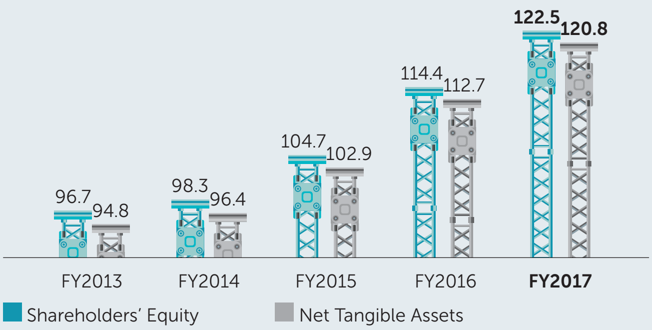
However, there was drop in revenue from the construction segment which was largely attributable to a lower percentage of revenue recognised from a few construction projects, which were reaching completion, coupled with reduced revenue generated from a construction project as a result of a worksite incident at the Tampines Expressway to Pan-Island Expressway exit in July 2017.

The construction segment continued to be the major contributor to our Group's revenue, contributing $78.4 million in FY2017, a decrease of 13.3 per cent from FY2016's figure. Revenue from the maintenance segment jumped by 88.5 per cent to $38.8 million.

On a segmental basis, our construction segment accounted for 66.9 per cent of total revenue while the remaining 33.1 per cent came from the maintenance segment.

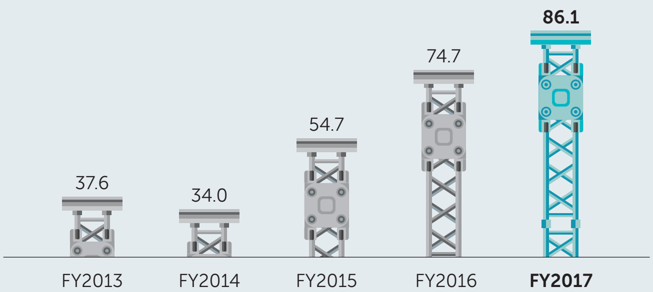
BALANCE SHEET

SHAREHOLDERS' EQUITY AND NET TANGIBLE ASSETS
$'Million



Shareholders' equity increased from $114.4 million in FY2016 to $122.5 million in FY2017 and net tangible assets increased from $112.7 million in FY2016 to $120.8 million in FY2017.

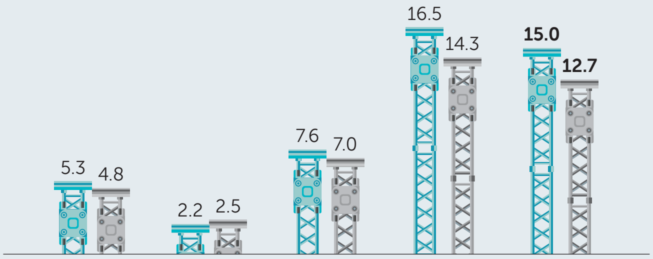
CASH AND CASH EQUIVALENTS
$'Million



We continue to have a stable and healthy cash flow for FY2017. Our cash and cash equivalents increased from $74.7 million as at 31 December 2016 to $86.1 million as at 31 December 2017.

PROFITABILITY

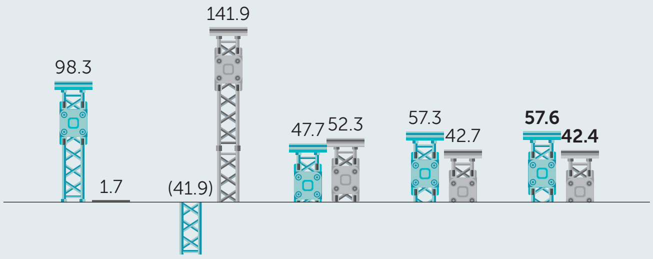
PROFIT BEFORE INCOME TAX AND NET PROFIT
$'Million



Profit before income tax decreased by $1.5 million or 9.2 per cent from $16.5 million in FY2016 to $15.0 million in FY2017. The decrease was due mainly to the decreases in gross profit of $0.2 million, other income of $1.6 million, and share of profit of associated companies and joint ventures of $0.5 million. The decrease was partially offset by a drop in administrative expenses of $0.8 million.

Net profit decreased by $1.6 million or 11.3 per cent from $14.3 million for FY2016 to $12.7 million for FY2017. This was due to the decrease in profit before income tax of $1.5 million, coupled with the increase in income tax expenses of $0.1 million.

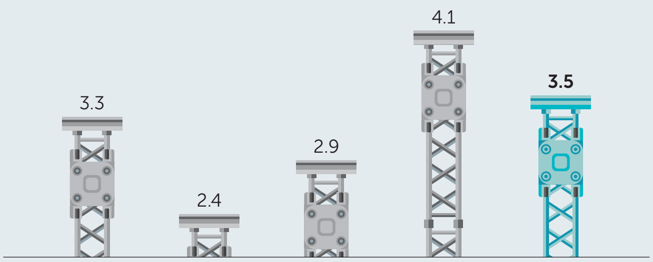
PROFIT BY BUSINESS SEGMENT
Per Cent



The profit of the construction segment was due mainly to the recognition of variation orders for a construction project, coupled with cost savings in certain construction projects, which yielded higher gross profit margins during FY2017. These were mainly due to better project management such as proper site planning, detailed planning in the construction processes, effective site management and tighter cost control. The more effective cost control methods included minimising construction material wastage at site and employing effective methodologies in every stage of construction.

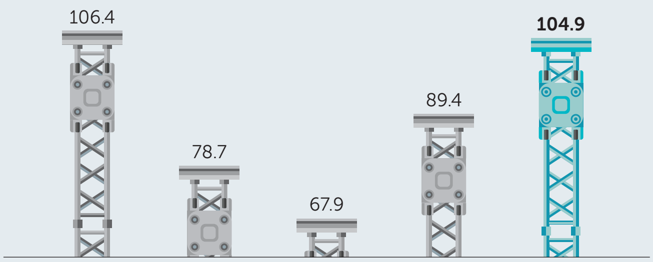
The profit of the maintenance segment was attributable to a few maintenance projects which had commanded better gross profit coupled with our continuous stringent cost-saving efforts and better project management in both FY2017 and FY2016.

CAPITAL EXPENDITURE
$'Million



Capital expenditure for FY2017 was mainly for the purchase of new plant and equipment to support existing and newly-awarded projects.

MARKET CAPITALISATION
$'Million



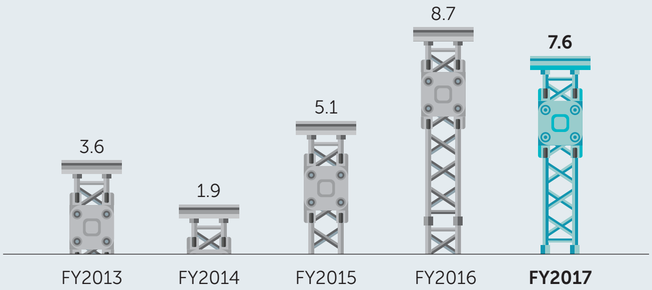
The Group's market capitalisation stood at $104.9 million as at 31 December 2017 compared to $89.4 million as at 31 December 2016.

OUR OPERATING AND FINANCIAL REVIEW

FINANCIAL RATIOS – PROFITABILITY

RETURN ON ASSETS

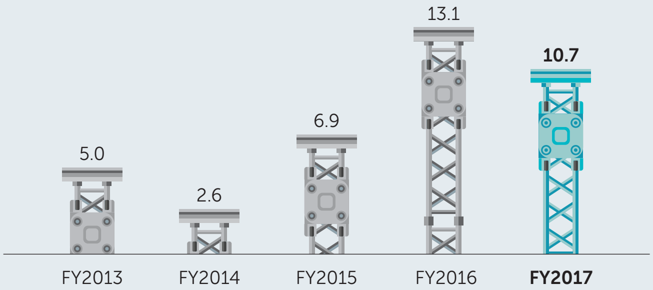
Per Cent



Due to the lower net profit, return on assets decreased from 8.7 per cent in FY2016 to 7.6 per cent in FY2017.

RETURN ON EQUITY

Per Cent

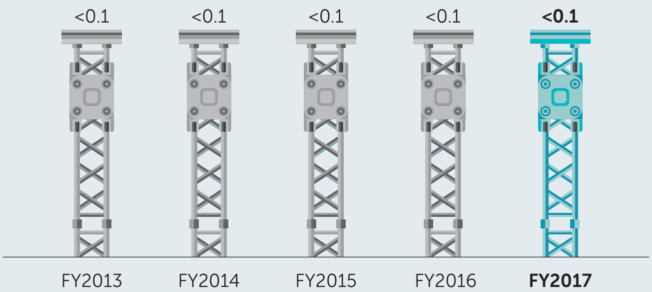


Due to the lower net profit, return on equity decreased from 13.1 per cent in FY2016 to 10.7 per cent in FY2017.

FINANCIAL RATIOS – LEVERAGE

TOTAL DEBT TO TOTAL EQUITY RATIO

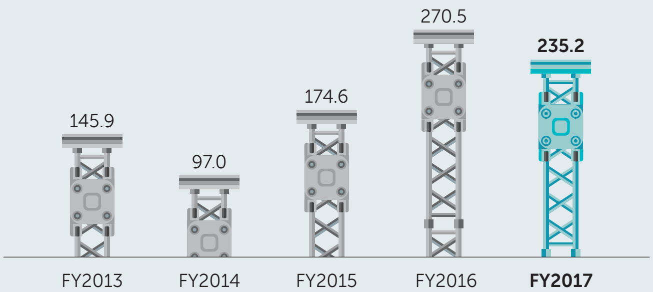
Times



Our debt to equity ratio has maintained at less than 0.1 times since FY2013.

INTEREST COVER RATIO

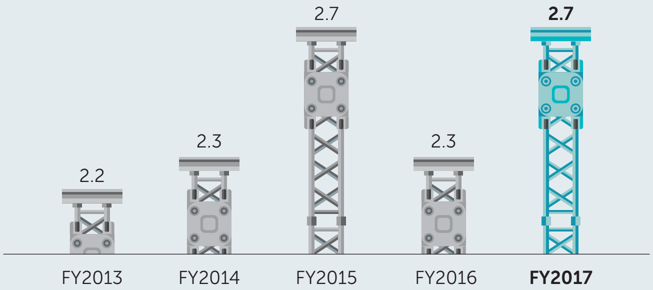
Times



Our interest cover ratio has decreased from 270.5 times in FY2016 to 235.2 times in FY2017 due to lower profits reported in FY2017.

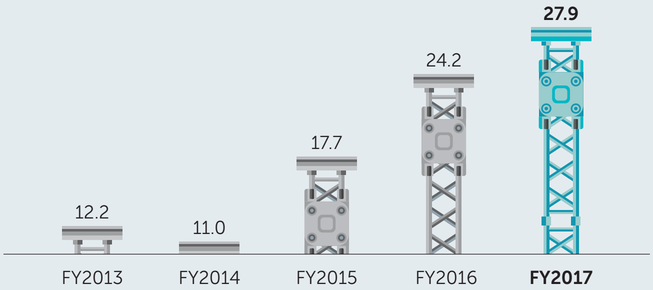
FINANCIAL RATIOS – LIQUIDITY

CURRENT RATIO
Times



The Group continued to be strong in its short-term financial position as the current ratio stood at 2.7 for FY2017.

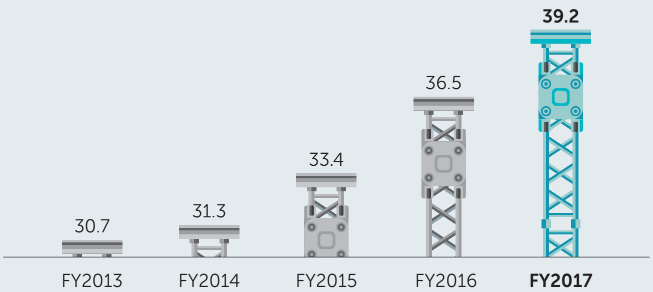
CASH PER SHARE
Cents



With a higher cash and cash equivalent, cash per share increased from 24.2 cents per share as at 31 December 2016 to 27.9 cents per share as at 31 December 2017.

FINANCIAL RATIOS: LIQUIDITY

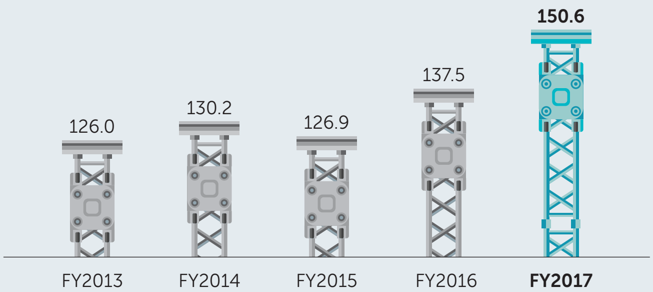
NET TANGIBLE ASSETS PER SHARE
Cents



The Group's net tangible assets increased by 7.2 per cent from $112.7 million as at 31 December 2016 to $120.8 million as at 31 December 2017. Net tangible assets per share grew to 39.2 cents as at 31 December 2016 compared to 36.5 cents at 31 December 2016.

FINANCIAL RATIOS – PRODUCTIVITY

REVENUE PER EMPLOYEE
$'000



Revenue per employee was $150,600 in FY2017.

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										
2017	29,701	25.3%	34,407	29.3%	27,053	23.1%	26,133	22.3%	117,294	100.0%
2016	24,554	22.1%	24,034	21.6%	28,062	25.3%	34,449	31.0%	111,099	100.0%
EBITDA										
2017	6,185	34.6%	6,513	36.4%	1,866	10.5%	3,310	18.5%	17,874	100.0%
2016	2,553	13.1%	3,711	19.1%	3,031	15.5%	10,181	52.3%	19,476	100.0%
Profit before income tax										
2017	5,519	36.9%	5,801	38.7%	1,126	7.5%	2,540	16.9%	14,986	100.0%
2016	1,868	11.3%	2,990	18.1%	2,273	13.8%	9,376	56.8%	16,507	100.0%
Profit attributable to shareholders										
2017	5,052	39.7%	4,952	39.0%	742	5.8%	1,970	15.5%	12,716	100.0%
2016	1,853	12.9%	2,489	17.4%	1,976	13.8%	8,020	55.9%	14,338	100.0%

The first two quarters in FY2017 reported higher revenue as compared to their corresponding quarters in FY2016. The higher revenue was due mainly to the higher percentage of revenue recognised from a few key construction and maintenance projects that were in full swing during the half year ended 30 June 2017. The last two quarters in FY2017 reported lower revenue as compared to their corresponding quarters in FY2016. The lower revenue was due mainly to the lower percentage of revenue recognised from a number of few construction projects which were reaching completion, coupled with no revenue generated from a construction project as a result of a worksite incident at the Pan-Island Expresway exit to Tampines Expressway which occurred in 14 July 2017.

Higher EBITDA were recorded in first and second quarters in FY2017 as compared to their corresponding quarters in FY2016.

The increase in profit before income tax for the first and second quarter in 2017 was due mainly to cost efficiencies in certain construction projects which resulted in higher gross profit margin, as well as an increase in share of results of associated companies and joint ventures of of $2.1 million. The decrease in profit before income for the third and last quarter in 2017 was due to lower profit for new and some current projects as a result of a more competitive pricing envirnomnent and rising manpower costs and a $2.6 million decrease in share of results of associated companies and joint ventures.

Higher profit before income tax led to higher profit attributable to shareholders for first and second quarters in F2017. On the other hand, lower profit before income tax led to lower profit attributable to shareholders for last two quarters in FY2017.

OKP completed the widening of Tanah Merah Coast Road.

OKP is involved in improvements to roadside drains at Lorong 22 to 44 Geylang areas.

CORPORATE LIQUIDITY AND CASH RESOURCES

Group's consolidated statement of cash flows	FY2017 $'000	FY2016 $'000	FY2015 $'000	FY2014 $'000	Restated* FY2013 $'000
Cash flows generated from/(used in) operating activities	17,492	28,265	20,254	(1,115)	(1,467)
Cash flows (used in)/generated from investing activities	(174)	(2,024)	2,120	(587)	(8,750)
Cash flows used in financing activities	(5,878)	(5,637)	(1,795)	(1,883)	(5,185)
Net increase/(decrease) in cash and cash equivalents	11,440	20,604	20,579	(3,585)	(15,402)
Cash and cash equivalents at the beginning of the financial year	70,112	49,508	28,929	32,514	47,916
Cash and cash equivalents at the end of the financial year	**81,552**	**70,112**	**49,508**	**28,929**	**32,514**
Comprise of:					
Cash at bank and on hand	27,175	16,127	20,605	14,330	13,963
Short-term bank deposits	58,933	58,558	34,084	19,679	23,614
	86,108	74,685	54,689	34,009	37,577
Short-term bank deposits pledged to banks	(4,556)	(4,573)	(5,181)	(5,080)	(5,063)
Cash and cash equivalents per consolidated statement of cash flows	**81,552**	**70,112**	**49,508**	**28,929**	**32,514**

* Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

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 $17.5 million generated from operating activities in FY2017 as compared to net cash generated from operating activities of $28.3 million in FY2016. The $10.8 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 $1.2 miliion;
(b) a decrease in net working capital inflow of $8.2 million; and
(c) an increase in income tax paid of $1.5 million during FY2017,

which were partially offset by:

(d) an increase in interest received of $0.1 million during FY2017.

Net cash used in investing activites of $0.1 million was due to:

(a) the purchase of new property, plant and equipment and intangible assets of $2.9 million; and
(b) the purchase of an investment property at 7 Woodlands Industrial Park E2 Singapore 757450 for $2.2 million during FY2017,

which were partially offset by:

(c) the repayment of loan by a joint venture, Lakehomes Pte Ltd, of $2.0 million;
(d) the proceeds received from the disposal of financial asset, available-for-sale of $1.0 million; and
(e) dividends of $2.0 million received form a joint venture, Forte Builder Pte Ltd during FY2017.

Net cash of $5.9 million used in financing activities in FY2017 included dividend payments to shareholders amountibg to $4.6 million, repayment of finance lease liabilities of $1.2 million and interest payments of $0.1 million.

CORPORATE LIQUIDITY AND CASH RESOURCES

Overall, free cash and cash equivalents stood at $81.5 million as at 31 December 2017, an increase of $11.4 million, from $70.1 million as at 31 December 2016. This works out to cash of 26.4 cents per share as at 31 December 2017 as compared to 22.7 cents per share as at 31 December 2016. (based on 308,430,594 issued shares as at 31 December 2017 and 31 December 2016).

Net Indebtedness	FY2017 $'000	FY2016 $'000	FY2015 $'000	FY2014 $'000	FY2013 $'000
Due within one year:					
Finance lease obligations	1,067	1,120	950	722	738
Due after one year:					
Finance lease obligations	1,414	2,028	1,637	1,513	2,004
Total debt	**2,481**	**3,148**	**2,587**	**2,235**	**2,742**

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

The decrease in debt amount from $3.1 million as at FY2016 to $2.5 million as at FY2017 as a result of repayment of finance lease liabilities in FY2017.

Telescopic crawler crane being used at OKP's worksite.


Our property at 2A Sungei Kadut Drive Singapore 729554 is used as a fabrication yard, workshop, office and for the storage of construction materials.

Newly purchased jacking machine used to support OKP's projects.


OKP purchased a new property known as 7 Woodlands Industrial Park E2 Singapore 757450.

VALUE ADDED STATEMENT

Value Added Statement	FY2017 $'000		FY2016 $'000		FY2015 $'000		FY2014 $'000		Restated* FY2013 $'000	
Revenue	117,294		111,099		103,290		109,476		106,994	
Less:Purchase of goods and services	(64,212)		(58,129)		(64,658)		(74,002)		(66,243)	
Gross value added from operations	53,082		52,970		38,632		35,474		40,751	
Other income	1,106		2,436		2,590		1,485		1,182	
Gain/(loss) on foreign exchange	(224)		36		210		88		86	
Share of results of associated companies and joint ventures	2,521		3,030		128		91		1,066	
	3,403		5,502		2,928		1,664		2,334	
Total value added available for distribution	**56,485**		**58,472**		**41,560**		**37,138**		**43,085**	
Distribution		%		%		%		%		%
To employees										
(1) Salaries and other staff costs	33,844	60	33,501	57	29,797	72	30,867	83	29,743	69
(From)/to government										
(1) Corporate and property taxes	2,384	4	2,278	4	711	2	(233)	(1)	616	1
To providers of capital										
(1) Finance costs	76		72		62		54		59	
(2) Dividends to shareholders	4,626		4,626		616		925		4,626	
	4,702	8	4,698	8	678	2	979	3	4,685	11
Balance retained in the business:										
(1) Depreciation and amortisation	2,812		2,897		3,158		2,986		3,232	
(2) Unappropriated profits	12,716		14,338		7,005		2,541		4,812	
(3) Minority interests	-		-		(1)		(2)		(3)	
	15,528	28	17,235	30	10,162	23	5,525	15	8,041	19
Non-production costs and income:										
(1) Allowance for impairment of receivables (non-trade)	-	-	758	1	650	2	-	-	-	-
(2) Non-trade receivables written off	27	0	2	-	-	-	-	-	-	-
(3) Non-trade/trade creditors written off	-	-	-	-	(438)	(1)	-	-	-	-
Total distribution	**56,485**	**100**	**58,472**	**100**	**41,560**	**100**	**37,138**	**100**	**43,085**	**100**
Productivity Analysis										
Number of employees	779		808		814		841		849	
Value added per employee ($'000)	73		72		51		44		51	
Value added per dollar of employment cost	1.7		1.7		1.4		1.2		1.4	
Value added per dollar of investment in fixed assets (before depreciation)	1.1		1.2		0.9		0.8		1.0	
Value added per dollar of revenue	0.5		0.5		0.4		0.3		0.4	

* Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

Total value-added created by the Group in FY2017 amounted to $56.5 million (2016: $58.5 million) due to lower profits reported in Y2017.

In FY2017, about $33.8 million or 60 per cent of the value-added was paid to employees in the form of salaries and wages. $2.4 million or 4 per cent was paid to the government in the form of corporate and property taxes while $4.7 million or 8 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.

In FY2016, about $33.5 million or 57 per cent of the value-added was paid to employees in the form of salaries and wages. $2.3 million or 4 per cent was paid to the government in the form of corporate and property taxes while $4.7 million or 8 per cent was paid as dividends and interests to financial institutions. Balance of $17.2 million was retained by the Group for its future growth.

EMPOWERING OUR TEAM

Delivering Greater Value

We believe in empowering our team to provide high-quality services and to exceed our customers' expectations, thus delivering greater value.

SUSTAINABILITY REPORT

BOARD STATEMENT

SUSTAINABILITY STRATEGY

The Board believes 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. It is a strategic direction that leads to better management, greater efficiency and good business performance. The Board has considered sustainability issues in formulating its strategies. The Board is committed to sustainability and fully supports the adoption of the new Singapore Exchange (SGX) sustainability reporting guidelines.

SUSTAINABILITY FRAMEWORK

We report on our sustainability performance in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

SUSTAINABILITY GOVERNANCE

During the financial year ended 31 December 2017, the Board together with the Management reviewed the Company's sustainability objectives, challenges, targets and progress. The Management provides updates to the Board and the Management will be evaluated by its success in executing the Company's strategic plans to meet stakeholders' and the Board's expectations.

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

We continue to identify and evaluate the material ESG factors in our business to ensure they remain relevant.

As sustainability issues and risks constantly change, we see this as an ongoing journey as we move towards our 2019 sustainability targets.

On behalf of the Board

OR TOH WAT
Group Managing Director

At OKP, sustainability is about seeking excellence and improvement in addressing and responding to environmental, social and governance issues facing our business. We aim to be a forward-thinking and progressive company with a firm 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, and implementing a monitoring framework.

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

This is the third year that the Group is presenting a sustainability report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and Practice Note 7.6 Sustainability Reporting Guide and Listing Rules 711A and 711B of the SGX Listing Manual. The report is for the financial year from 1 January 2017 to 31 December 2017. 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**		
	FY2017	**FY2018**	**FY2019**
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

ENHANCING STAKEHOLDER ENGAGEMENT

At OKP, we aim to create and deliver sustainable value to all our stakeholders. To achieve this aim, we seek to offer reliable products and services, ensure that our customers are satisfied, be an employer of choice, monitor our supply chain, and nurture our environment and community. It is a priority on our part to engage our stakeholders regularly and assure them of the Group's firm commitment.

By assessing the significance and impact of stakeholders' interest on our business, we have 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 suppliers, 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 and directions, economic performance	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 welcomes feedback on this report. For enquiries, please contact the CSR Department at okp-csr@okph.com.

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

Primary Factor		Material Components	Performance Measures	2019 Target
ECONOMIC		1. Economic performance	Value-added performance	Improvement in value-added performance indicator
			Financial performance	Improvement in and 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 the 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

High			7. Health and Safety 2. Anti-Corruption
Medium	3. Water Consumption 4. Electricity Consumption 5. Diesel Consumption 9. Participation In Local Programmes	1. Economic Performance 6. Waste Minimisation 12. Supply Chain Management	8. Training and Education of Employees 10. Employee Retention
Low	11. Diversity		
	Low	**Medium**	**High**

Impact to our business

NURTURING THE ENVIRONMENT

The Group is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our worksites and the environment where we operate. We monitor our energy (both electricity and diesel), waste and water management at our work places to ensure that we use our resources economically, meaningfully and responsibly. During the past year, although electricity and diesel consumption has gone up slightly, water consumption has gone done 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 well.

At OKP, we have also been doing our part in promoting a green environment and have been recognised for our environmentally-friendly efforts. Since 2012, OKP has won five awards for being a green and gracious builder and one for construction environmental award.

The Group adopts a holistic method in understanding and managing the environmental impact of its activities and other risks in its supply chain. With regard to managing our supply chain, OKP has a process in place for selecting our suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We make it a priority to engage our potential and current suppliers through frequent reviews and feedback to ensure they have the right capabilities and adequate resources to support the Group's projects and activities. During the year, the Group was fined for 6 (2016:5) incidences of mosquito breeding.

Below are OKP's key economic performance indicators:

	2017	2016
Revenue ($'000)	117,294	111,099
Value added available for distribution ($'000)	56,485	58,472
Net profit ($'000)	12,716	14,338

Below are OKP's key environmental performance indicators:

		2017	2016
Water consumption (Cu M)		27,927	28,503
Electricity consumption (kWh)		782,211	745,652
Diesel consumption (cu/m)		2,812,000	2,769,400
Material wastage		3%	3%
Fatal accident		1	0

EMPOWERING PEOPLE AND THE COMMUNITY

At OKP, we want to empower our people and the community. The Group aims to be a responsible and caring employer to its 779-strong talent pool by providing training and developing them to help them reach their fullest potential, so that they can enjoy meaningful and rewarding careers within the Group. 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. We do not have any collective bargaining agreement with our employees.

The Group has established a culture of safety by organising safety and environmental awareness programmes to ensure the health and safety of its employees and others, who visit or work at its worksites and premises. In addition, OKP monitors energy, waste and water management at its worksites and offices to ensure that the Group is using its resources efficiently 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. In 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 - the only contractor under Airside Project to be rewarded with such award.

As a responsible and good corporate citizen, we strive to empower people in the community. The Group believes it should support the less fortunate and underprivileged in our society through its various donations, sponsorships and voluntary work. Through this approach, we also grow our reputation as a good corporate citizen, who takes its corporate social responsibilities seriously.

STRENGTHENING GOVERNANCE

To fulfil its vision to be the leading transport infrastructure and civil engineering company in Singapore, the region and beyond, OKP aims to strengthen 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 seeks to increase its performance in financial reporting as well as reporting on non-financial matters such as corporate governance, and social and environmental responsibilities.

SUSTAINABILITY REPORT

We have a structure in place to govern our sustainability function.

Thus, we promote an open and transparent approach in providing relevant and up-to-date information on our financial and non-financial business performance to all our stakeholders. We make it our priority to share appropriate information relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance so as to keep our stakeholders well informed. In addition, we make it our priority to maintain a high standard of ethical practices and transparency in dealing with our stakeholders.

As a public company listed on the Singapore Exchange, the Group aims to sustain its growth, and operate its business ethically and profitably, with a strong commitment to maintaining high standards in corporate governance and judicious risk management. We firmly believe that OKP will continue to be a strong and progressive company with a stable business that brings long-term value to all our shareholders.

Below are our social and governance performance indicators:

	2017	2016
Training hours	6,094 hours	5,037 hours
Training hours per employee	7.8 hours	6.5 hours
Training costs (net of government grants)	$219,000	$127,000
Total CSR spending per annum	$79,000	$107,000
Staff turnover rate	10.3%	15.0%
Employees by gender - Male - Female	 94% 6%	 94% 6%

In summary, we seek to sustain our business growth and profitability by our dedication to good corporate governance, wise financial management and effective operation; and empower our staff through our initiatives to nurture and reward them for excellent performance. We also aim to create a positive impact on the community by promoting greater corporate social responsibility, and to cultivate a greener environment by implementing environment-friendly efforts in all our undertakings.

Cyclists can now enjoy a 10-km dedicated on-road cycling lane on the extended Tanah Merah Coast Road, which was completed by OKP.

A MediaCorp reporter and his crew at the Chye Joo - Or Kim Peow JV's work site, which involved the improvement to Bukit Timah first diversion canal from Holland Road to Clementi Road.

GRI CONTENT INDEX

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GRI Standard	Disclosure		Page Reference	Annual Report Section
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	103-2	The management approach and its components	59-60	Sustainability Report
	103-3	Evaluation of the management approach	57	Sustainability Report
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	201-2	Financial implications and other risks and opportunities due to climate change	110-118	Risk Assessment and Management
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GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	60	Sustainability Report

OUR PEOPLE

Project Director Mr Michael Thein Vun Fah receiving his 20-year long service award from Group Chairman Mr Or Kim Peow (left) at OKP Annual Dinner 2017.

Construction manager Mr Goluguri Prasada Reddy (right) receiving his 20-year long service award from Group Chairman Mr Or Kim Peow (left) at OKP Annual Dinner 2017.

The Group is fully aware that our people are one of our key assets as they have played an important role in supporting OKP to emerge stronger and better year after year, despite the ups and downs of the business cycle. Their broad expertise, excellent teamwork and steady efforts 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 staff's dedication to their work and commitment to do their very best have been a pillar of strength for the company since it was founded in 1966. They have been instrumental in assisting the Group to acquire further capabilities and skills, thus enhancing its competitiveness. As such, we focus on OKP's guiding principle to our employees, which is our commitment to providing a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

In pursuit of its business goals and attainment of sustainable revenues and profits, OKP is committed to recruiting, nurturing and developing a competent team, who can plan, manage and execute the various projects professionally and to a high standard. The Group believes that it is vital to establish a capable and solid team, who can meet the business challenges of today and the future. In order to attract and employ the right team of people with the right skillsets and experience to plan and implement our business strategies, we have established a human resources strategy and programme to be implemented for the whole Group. We identify with our people's aspirations, encourage them to perform to the best of their abilities and enable them to rise through the ranks. At OKP, we also strive frequently to better our human resources and people development practices in order to appeal to and keep the best talents.

The Group's workforce comprises corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our employees 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 has to inculcate common goals and core values so as to develop a competent and efficient team. A result-oriented recruitment, training and development approach is therefore crucial to ensure the Group's long-term business success and financial stability.

ORIENTATING NEW STAFF

In order to enable new employees to familiarise themselves readily and quickly with the Group's culture and environment, OKP has implemented a tried-and-tested staff orientation programme, which helps them to understand its policies, and ethical and safety standards. Our staff orientation policy seeks to integrate newcomers by imparting to them the Group's core values and benchmarks so that they can adapt easily and speedily to OKP's ways of working internally and externally with various stakeholders.

By following this methodology, new recruits can start to make immediate contributions when they join the Group. Our past experience has shown us that a good orientation programme also contributes to employee retention, as we observe that new staff generally decide to remain with the company within the first six months of their employment.

DEVELOPING OUR PEOPLE

At OKP, we make it our priority to attract, nurture and retain competent and skilled employees so as to build a strong team. Indeed, we aim to nurture our people to their fullest potential so that they can help OKP to attain sustainable and steady growth now and in the future. We place strong emphasis on staff learning and training. As such, we are committed to equipping staff with the requisite knowledge, skills and capabilities so as to meet the demands of their jobs efficiently. Over the past years, we have 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 skillsets so that they can perform effectively in their current job functions. Training is provided to staff based on job requirements and merit so as to better improve their technical and functional capabilities for now and also 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 the Group. Thus, our emphasis is to provide our staff with various development opportunities for professional and personal growth as part of our team. Through this approach, they can find job satisfaction and enjoy the advantages of working in a strong and progressive company, which they can take great pride in. Our human resources management policy lays out a distinct career path for each individual staff, 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, we have 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

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

Since 2012, OKP has provided a total of four scholarships and sponsored 14 people for diploma, undergraduate and master courses. In 2017, 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, and two sponsorships for the same course at the Nanyang Technological University.

PROVIDING LOCAL AND OVERSEAS INDUSTRY IMMERSION PROGRAMME

Under the Group's overseas industry immersion programme, OKP has been sending staff on overseas trips to pick up new skills and further their knowledge.

Two trips were organised in 2017 to South Korea. The first trip was from 18 to 21 October 2017 for the technical staff to understand advanced technologies and best practices adopted in the various complex and major construction projects. They also visited factories and laboratories to gain knowledge of the host's manufacturing and project capabilities, which will be an asset in helping the Group to secure and manage more complex projects. The second trip from 1 to 4 November 2017 was also to gain insights on advanced technologies and best practices adopted 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 staff 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 participated in a Joint BCA-GeoSS study trip to Germany and Spain from 27 May to 4 June 2017.

In addition, OKP 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, together with 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 learn more about new technologies and equipment, which may be applicable for our local projects. In addition, five employees attended the Singapore International Transport Congress and Exhibition (SITCE) 2016 with the theme "Innovating Transport

Year	Sponsorships	Scholarships	Total
2017	2 BE	1 BE (NUS)	3
2016	1 Specialist Diploma in Lean Construction (BCA Academy) 1MSc (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
	14	4	18

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

OUR PEOPLE

for Liveable Cities" in Singapore in October 2016.

In 2015, OKP organised two overseas industry immersion trips. The specialised overseas project immersion programme in Ipoh, Malaysia in July 2015 involved a visit by nine employees to a precast yard and a project site, which exhibited the precast segment launching process. The programme in Jakarta, Indonesia in November 2015 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 acquired a good understanding of the method of piling work for big diameter and long depth of bored piles, which will be useful knowledge when the Group tenders for more complex projects.

The Group also participated in BCA's local industry immersion trips to other contractors. On 16 September 2017, a team of engineers visited a local contractor's site to learn about construction methods for building Punggol Bridge across Sungei Serangoon.

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

Our Group Managning Director, Mr Or Toh Wat (2nd left) went on a BCA study trip to South Korea in October 2017.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

The Group's guiding principle is to provide a safe working environment for our workforce at the construction sites. In order to ensure good safety standards, OKP promotes work safety and good environmental awareness at all times and at all its construction sites. We stress and implement good safety management throughout the various stages of the projects, starting at the project management stage, during the construction and site management stage until the successful completion of the projects.


OKP engineers visited a contractor's site under the BCA's local industry immersion trips programme in September 2017.

As a responsible contractor, OKP 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. For example, mandatory safety induction is conducted to educate new hires 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 employees and workers, the Group does not just focus on its staff. We view our subcontractors and various partners are just as important as they also play a vital role in maintaining good occupational health and safety. We work very closely with them to make sure that they share the same commitment and work together to fortify safety and environmental standards. A safe construction site not only minimises unnecessary risks and exposure in a project, it also boosts staff morale and improves client satisfaction levels. It is OKP's policy that all incidents are monitored and reported immediately, and not just those that result in actual injuries. We emphasise this procedure to all our supervisory staff and workforce so that we can learn from and rectify past mistakes, and achieve our vision of zero injuries.

OKP senior management and staff enjoying themselves tossing *"Lo Hei"* at OKP's Annual Dinner 2017.

Since 2006, the Group has been receiving numerous safety awards in recognition of its high standard of health and safety awareness at its various worksites. 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 the second year running that the Group has received such a safety award from the Changi Airport Group.

Another accolade for OKP is its receipt of 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.

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

One of the Group's goals is to discourage absence for all its employees. Absenteeism from work has a significant impact on both direct and indirect costs. It also demonstrates a low level of job satisfaction and a lack of commitment to the company. Furthermore, absenteeism also interrupts and upsets operations at the office premises and construction sites. In order to attain a low level of absenteeism among its staff, the Group aims to provide a positive working environment and assist its employees' performance at work with proper guidance and effective mentoring.

SAFEGUARDING ETHICAL PRACTICES

At OKP, we ensure that all staff follow and abide by ethical practices assiduously. The Group holds strong views on anti-corruption and has zero-tolerance towards bribery and corrupt practices. This approach is emphasised to all our employees, who may come from different countries and backgrounds with varying standards and accepted practices.

We make sure that our employees understand and comply with the relevant anti-corruption legislations. We provide staff 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, OKP did not receive any report on incidents of corruption within the Group.

BEING PEOPLE-CENTRIC

To fulfil our mission to be the first and preferred civil engineering contractor for various industries in Singapore and beyond, and maintain the Group's position as a market leader in the public sector construction industry, we need to be a people-centric company. This is due to the fact that we are dependent on the efficient and reliable performance of all staff to achieve our business goals, gain financial profitability and work together as a strong company towards a sustainable future.

With the objective of becoming an excellent people-centric company, we have been working on refining our organisational effectiveness and improving our communication channels across all levels and between the various business units. At OKP, we have a review-and-feedback process in place, which has proven to be effective in identifying our employees' concerns and addressing their issues. We make it our priority to hold regular dialogue sessions so that management and supervisory staff can work together as a team with the administrative and support employees and general construction workers in terms of planning and executing projects.

OUR PEOPLE

The Group aims to be an exemplary employer, and thus, we treat all staff with dignity and respect by ensuring fair treatment. We abide by all labour laws and guidelines that promote fair employment practices. At OKP, we hire, promote and train employees based on their merit and performance, and do not discriminate based on their nationality, race or religions.

One of the ways in which we fulfil our obligations as a corporate citizen in supporting national defence is to facilitate and enable 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 have 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 not only provide maternity leave but also paternity leave for our staff.

Function	FY2017	FY2016	FY2015
Management & Supervisory (M&S)			
Local	6%	8%	7%
Foreign	2%	2%	2%
Finance & Administration (F&A)			
Local	1%	1%	1%
Foreign	1%	1%	1%
Site Operations (S&O)			
Local	8%	8%	7%
Foreign	82%	80%	82%
	100%	**100%**	**100%**

Years of Service	FY2017	FY2016	FY2015
More than 15 years	9%	6%	7%
10 years to 14 years	15%	14%	14%
6 years to 9 years	24%	26%	21%
3 years to 5 years	32%	27%	24%
Less than 3 years	20%	27%	34%
	100%	**100%**	**100%**

Educational Qualification	FY2017	FY2016	FY2015
Degree and Above	10%	11%	9%
Diploma & Equivalent	12%	5%	4%
"O" & "A" Level & Equivalent	14%	3%	2%
Trade Certificate & Equivalent	36%	24%	23%
Secondary School & Lower	28%	57%	62%
	100%	**100%**	**100%**

Gender	FY2017	FY2016	FY2015
Male	94%	94%	94%
Female	6%	6%	6%
	100%	**100%**	**100%**

Age	FY2017	FY2016	FY2015
65 years and above	2%	2%	1%
55 to 64 years	8%	7%	7%
45 to 54 years	25%	24%	23%
35 to 44 years	31%	28%	29%
25 to 34 years	31%	35%	35%
Below 25 years	3%	4%	5%
	100%	**100%**	**100%**

Nationality	FY2017	FY2016	FY2015
Singaporean/PR	18%	18%	16%
Malaysian	1%	1%	2%
Indian	43%	42%	41%
Bangladeshi	6%	6%	6%
Myanmar	15%	15%	17%
Thai	15%	15%	15%
Filipino	1%	1%	1%
PRC	1%	1%	1%
Others	0%	1%	1%
	100%	**100%**	**100%**

New Hires	FY2017	FY2016	FY2015
Number of employees	51	115	99

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

Group Managing Director, Mr Or Toh Wat (left) receiving a token of appreciation from Associate Professor Dr Muhammad Faishal Ibrahim, Senior Parliamentary Secretary, Ministry of Social and Family Development & Ministry of Education at a fundraising golf tournament for Nee Soon Group Representation Constituency.

According to Financial Times, corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

At OKP, we aim to be a good corporate citizen, and thus, we conduct our business in a sustainable way that brings positive economic, social and environmental impact for our stakeholders and their environments. We do this by ensuring that our CSR is managed wisely and made positive contributions to the community.

The Group aspires to conduct the best practices in all its business operations, and this involves giving back to the community, particularly in offering support to the underprivileged and unfortunate members of society. We provide financial assistance via sponsorships and donations to various charitable organisations and causes. In addition, we instil a spirit of volunteerism among our employees so that they volunteer their time and services towards supporting worthy causes, thus making a positive impact on the community.

Over the past decade, there is an increasing awareness in Singapore and worldwide that undertaking CSR initiatives can give business a competitive advantage compared to those organisations which do not think CSR is meaningful to their bottom-line. It is gaining acceptance in many companies, which are making CSR practices a vital part of their business operations. These organisations are conscious that embracing good CSR practices can bring about advantages such as creating a positive reputation, and sustaining good morale among employees, resulting in more effective performance, thereby drawing in more investors and enhancing productivity.

The Group is mindful that promoting CSR will build its corporate reputation. To attain this objective, we expand our care and concern for the community by taking part in numerous fundraising activities and philanthropic efforts and through our annual Charities of the Year programme. We vigourously support various charities, providing our employees with opportunities to be public-spirited citizens as they undertake various fundraising activities for specific causes and needs. Through these fundraising events and charities, OKP is able to broaden our reach to many disadvantaged and needy people within the communities that we serve.

The Group provides 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

CORPORATE SOCIAL RESPONSIBILITY

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 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 is dedicated to providing 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 18 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-offenders 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.

The Group also sponsors events or programmes organised by various organisations such as schools, religious organisations, Community Development Council, People's Association and Land Transport Authority. In 2017, OKP sponsored two fundraising golf tournaments, one for Nee Soon Group Representation Constituency, and the other for the Building & Estate Management Alumni. It does this by raising funds for charities through golf tournaments, dinners and other events.

SAFETY AND ENVIRONMENTAL AWARENESS

STRENGTHENING SAFETY AND ENVIRONMENTAL AWARENESS

As a responsible contractor, the Group is committed to complying with all relevant legislative and other requirements to ensure and safeguard workplace safety, environmental protection and the well-being of all employees.

One of OKP's guiding principles to our employees is our commitment to providing them with a safe accident-free working environment and ensuring that they go home safely after work. This commitment is also extended to our contractors, subcontractors and others who come to work at our premises and worksites. Developing and instiling a culture of safety and good environmental awareness within the Group is a key factor in the planning and operation of our business. Thus, enhancing safety standards and promoting environmental awareness are key aspects of OKP's core values and work environment.

Since late 2015, OKP has taken concrete steps to strengthen its safety practices, starting from the top with its management team. The management team has direct responsibility for safety performance and everyone is a "safety manager" for the area under his supervision. They are accountable for ensuring that the Quality, Environmental, Health and Safety (QEHS) programme mandated at the management level is implemented efficiently on the ground. To strengthen its QEHS capability, the Group has increased its manpower to better manage this function. Since 2015, a corporate safety manager, who is posted to different sites according to a roster, has been appointed to provide advice and assistance on QEHS matters across all project sites.

The Group's policy is to ensure a minimal risk work environment as the organisation seeks to prevent any injuries, loss of lives, damages to properties and pollution to the environment. It is therefore our duty to provide a working environment that exceeds health and safety regulatory obligations.

As such, we have set up vision zero as our goal. We seek to inculcate and enhance vision zero in relation to injuries, work-related illnesses and environmental impact at all our workplaces. Setting vision zero is not about focusing solely on meeting a numerical target of zero injuries at the workplaces or zero harm to the environment but rather, it is about adopting a positive mind-set that strives for zero harm in both areas. Thus, instiling a safety culture and promoting environmental awareness among all stakeholders within the organisation are vital aspects of the Group's core values and efficient work environment.

Tool box meeting held early in the morning at one of the worksites.

By adopting safety standards and environmental control measures, the company is creating the right environment, whereby each individual from senior management to the general workers can contribute fully towards achieving vision zero. The Group places emphasis on workplace safety, health and environmental protection at each and every phase of the project cycle from conceptualisation to the construction and management stages. This ensures that all potential risks are addressed early and immediately, thereby reducing or removing risks downstream.

The Group believes accident prevention and environmental protection are not only a moral obligation but also a good business practice. By addressing and directing our resources to address potential hazards and safeguard the environment, we seek continually to minimise our incident rates and costs associated with accidents. Thus, maintaining and ensuring a safe working and sustainable environment for our workforce and all other stakeholders is a key aspect of our efforts to achieve good performance, establish our corporate image and improve our competitiveness.

ENSURING HIGH STANDARDS

At OKP, QEHS issues are important areas in its overall business management. The management team has provided clear directions within the Group for an effective occupational health and safety management approach in order to prevent safety-related and health incidents, and promote risk-free and environment-friendly premises. This management method also complies with all relevant laws and regulatory requirements, and ensures a reliable and skilled workforce across the organisation.

To ensure the highest standards of QEHS performance, the Group makes QEHS responsibility a crucial factor in the way we conduct our business with our stakeholders such as clients, subcontractors and suppliers.

SAFETY AND ENVIRONMENTAL AWARENESS

One way we do this is by adopting bizSAFE, which is the Workplace Safety Health Council's five-step programme, which assists companies to enhance their workplace safety and health capabilities in order to attain high safety and health standards at the workplace. To optimise the benefits of the bizSAFE programme, OKP practises optimum risk control, starting with elimination, substitution, engineering and administrative control and finally, mandatory use of construction personal protective equipment. Work-at-height risks which cannot be eliminated will be managed by having certified scaffold platforms erected by trained personnel.

Since 2014, OKP 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 deeply 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 staff and subcontractors' employees working onsite are our vital assets. As such, we do not compromise on their safety at the expense of costs or time because every staff member matters. To stay ahead in this competitive industry, OKP continuously reviews and revises its QEHS Management System. By doing so, we enhance our workplace safety and health standards and also fine-tune our operational procedures, thus improving our 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) is a testimony that OKP has a robust system and strong commitment in ensuring continuous quality, environmental, safety and occupational health improvements.

Staff attending safety training on scaffolding erection.

The Group successfully obtained renewal of its ISO 9001:2015, ISO 14001:2015 and OHSAS18001:2007 certificates in August 2017.

The Group is also committed to protecting and preserving the natural environment through a variety of ongoing activities. Adopting the environmental mantra of reduce, reuse, recycle, OKP 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 employees and for all members of society. Thus, OKP undertakes to do its part by:

- working to reduce and control construction site noise and vibration so as to provide a more pleasant 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.

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

WINNING RECOGNITION AND AWARDS

The Group's focus on QEHS has once again achieved good results. This can be seen in the numerous awards that OKP has received 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 - the only contractor under Airside Project to be rewarded with such award. This is the second year running that OKP has received such a safety award from the Changi Airport Group.

Another accolade for OKP is its receipt of 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.

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

MAINTAINING QEHS SUSTAINABILITY

In today's dynamic and rapidly changing environment, OKP faces the challenge of maintaining the high standards of its QEHS Management System. We believe QEHS sustainability is vital to our customers, employees, shareholders and community, 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 reduce risks and enhance our competitiveness and stay strong and stable for our future business ventures.

At OKP, we have made much progress in ensuring that our work practices are environmentally-friendly and protect the safety and well-being of our staff at all times and in all premises and situations. Firstly, we regularly update our legal register so that we are 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 OKP 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 aim to lower pollution levels at all our worksites so that our workers can enjoy a higher quality of life in the environment in which they work.

Thirdly, when recruiting new workforce and engaging 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 greatly improved our success and sustainability.

Fourthly, we have set up Business Continuity Plans to better manage the organisation during unpredictable times and crises such as haze and monsoon rains, and unavoidable

Emergency drill being conducted at worksite.

disease outbreaks such as the outbreak of Zika virus. We have carried out risk assessments to ensure that the business functions and operations can continue without comprising our workers' safety and health. For example, during the haze crisis over a few months in 2015, OKP made sure that all its workers were trained and informed of the appropriate way to don their masks and stop work if the quality of air reaches hazardous levels.

In 2016, when there was a severe outbreak of the Zika virus, particularly affecting foreign workers at construction sites, the Group established its Zika Contingency Plan. The plan was to prevent mosquito breeding and dengue/Zika transmission at OKP's construction sites with the body temperature of staff and workers 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.

All these established practices are aimed at achieving high quality standards, as this method will provide a solid foundation for future management and employees to follow and further enhance the QEHS standards.

PROMOTING A SAFETY CULTURE

At OKP, we are of the view that a strong and sound safety culture will encourage safe behaviours among co-workers and result in an injury-free workplace. Safety management starts from the project planning stage and is practised throughout the various stages of design, construction and management till the projects are fully completed.

Developing a progressive and prevalent QEHS culture is important in uplifting its standards. In 2015, a project team collaborated and formed a community where safety alerts and bulletins are created and communicated to other project teams to share best safety practices, lessons learnt, case studies and other important safety information. Monthly project-level cross audits are also implemented to provide a "third eye" to address shortfalls in the existing QEHS system and practices.

SAFETY AND ENVIRONMENTAL AWARENESS

An employee receiving a model worker award.

Through the decades, our comprehensive construction safety programme has evolved and the principles and processes behind this programme have also been fine-tuned. Some of these include:

- a rigorous 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 put in place; and
- field regular safety audits at construction worksites.

In addition, the Group also implements various other initiatives to further increase safety awareness at all its workplaces.

Firstly, one of the key initiatives was the introduction of Behavioural Based Safety programmes at our worksites. This is a safety method that focuses on the behaviour of workers as the cause 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 root 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 help the respective group or worker. Through the Behavioural Based Safety programmes, the Group is able to enhance the well-being of its workers, thus improving performance and achieving a sustained adjustment of attitudes towards safety. Secondly, we continuously engage all staff on the Corporate Safety Promotion Programme in order to promote safety awareness at all organisational levels and strengthen our goal to make employee safety a top priority. This programme aims to encourage workers to improve their own safety behaviour plus that of their fellow workers, as well as support the Group'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 employees with good safety

Safety training being conducted at worksite.

Project Manager Mr Ben Hu YiHui receiving Zero Safety Infringement Award from Mr Koh Ming Sue, Managing Director, Engineering & Development, Changi Airport Group.

Mass exercise being conducted daily before work starts.

performance/behaviour. In order to recognise workers who display exemplary behaviour and safe work practices and attitudes, OKP identifies in each month a safety conscious employee, who will be awarded 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 workers could take intermittent rest during the working hours.

Thirdly, we continue to improve and enhance a systematic way of monitoring the safety performance and knowledge of all workers. All workers will carry a personnel safety card that records types of safety training received 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.

Forthly, we have printed our own safety handbook to highlight the company safety requirements. The handbook includes the "dos and don'ts" to help the workers 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 to ensure that non-English speaking workers understand all the potentially life-saving information and know the safety procedures thoroughly. The safety handbook is our vital tool in the ongoing battle against workplace accidents and injuries.

Fifthly, we have initiated both 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 up-to-date 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 reinforce 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 activities help to increase safety awareness and knowledge of all employees. This demonstrates OKP's commitment towards the safety and well-being of all its employees, 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 to manage hazardous work. The traditional paper method of using the PTW system requires spending hours filling out forms, moving the paper forms from place to place, and waiting for the permits to be issued, resulting in a huge loss of time.

We have resolved this matter by working with an application developer to develop an easy-to-use mobile application to improve 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 required. Safety officers can conduct safety inspections and validate PTWs instantly. 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.

SAFETY AND ENVIRONMENTAL AWARENESS

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 the Group.

DEVELOPING QEHS TRAINING AND COMPETENCY

The Group believes that our workforce play an important role towards the successful implementation of our workplace safety and health management system. Therefore, OKP has developed a corporate health and safety induction package, which consists of 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 (MOM)-approved training centres. All management staff and engineers are required to attend safety courses such as the "Construction Safety Course for Project Managers" and "Risk Management Course". These courses enable them to be fully aware of regulatory requirements to assume the roles of risk management leaders in order to remove or lessen risks at source.

As part of the Group's orientation programme, supervisors advise new employees on the highest standards of QEHS requirements. New staff are required to undergo a health and safety induction programme upon first joining the company. The safety team continuously updates its in-house safety training and education programme for both new and existing employees to equip them with the basic knowledge necessary to carry out their various functions in a safe and competent manner. Specialised and more detailed information and training are given regularly to site safety practitioners. This is to keep them updated on the latest industrial safety and environmental regulations.

Due to the nature of our work and large work area covered by our project sites, we have also gone beyond 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 immediately.

Training is the key to preventing injuries among workers. Recently, the Group extended its training programmes to engage both suppliers and clients. It is important to get these subject matter experts or suppliers of equipment, who understand the actual ground conditions and issues to conduct relevant training and safe work procedures for our workforce.

For example, we engaged the Bedec supplier to provide Scaffold Safety Training to the workers, and the silent piler supplier to conduct training for our silent piler operator. All truck drivers are also sent for defensive driving course and briefed on safety procedures to be followed with practical illustrations during the training.

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, together with the International Labour Organisation and the International Social Security Association, the triennial congress is 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 provided many sharing and 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 the Group's QEHS management system and recommend improvements so that the Group can continue to comply with the ISO 9001: 2015, ISO14001:

Emergency rescue drill being conducted for workers.

Helpful staff assisting a member of the public near a worksite.

Environmental training being conducted at worksite to promote environmental awareness.

Immigration & Checkpoints Authority

Your ref:
Our ref: ICA/CIB/6/4

13 April 2017

Mr Or Toh Wat
Executive Director
Or Kim Peow Contractors (Pte) Ltd
30 Tagore Lane
Singapore 787484

Dear Mr Or,

LETTER OF APPRECIATION

Thank you for your letter of appreciation to ICA on 20 March 2017.

2 It is our pleasure to work with Or Kim Peow Contractors (Pte) Ltd to reach out to the community on our twin roles in border security and identification. Through the participation in such outreach programmes, ICA is able to bring across our key messages on illegal entry and overstaying to the foreign workers and to share with them the various scams used by unscrupulous persons to cheat them of their hard-earned money. We hope that the information shared by ICA's Crime Prevention Ambassadors (CPA), Mr Chong Teng Kok and Mrs Gopal Vivakaambal, had been useful to your workers.

3 Thank you for this collaboration to enable Singapore to keep its good name as a responsible and caring place of employment for foreign workers.

Yours sincerely,

CHIA HUI KENG (MS)
DIRECTOR, CORPORATE COMMUNICATIONS DIVISION
For COMMISSIONER
IMMIGRATION & CHECKPOINTS AUTHORITY

cc Mr Chong: Thank you and Mrs Gopal for sharing ICA's key messages with Or Kim Peow Contractors (Pte) Ltd. For your record, please.

Inspiring Confidence in All

Appreciation letter from the Immigration & Checkpoints Authority.

2015 and OHSAS 18001:2007 standards.

PROMOTING A GREEN ENVIRONMENT

To minimise environmental hazards and be environmentally-friendly, the Group aims to carry out its daily business in a socially responsible way and contribute positively to the communities in which it operates. It makes every effort to protect the environment in its business activities by implementing good environmental practices. Some of these ongoing green efforts at all its worksites include the following activities:

- reducing the environmental impact of work activities by executing 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 lessen carbon emissions;
- 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
- implementing promotional activities onsite to encourage green practices.

Other green practices adopted by the Group 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;

- use of waste rebar/unwanted steel plate for fabrication equipment's protection frame/storage rack and fabrication of gas cylinder cage
- recycling of paper by reusing single sided printed paper; and
- resorting all recyclable office waste into recycling bins and sending them for recycling.

In addition, OKP uses solar CCTV cameras for our project sites. These CCTV cameras utilise 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.

In the face of a continually changing working environment and complex business requirements, the Group will constantly find ways to tackle the challenges in the QEHS landscape and look out for opportunities to keep abreast of developments. Through the collective efforts of every stakeholder, we believe significant improvements in QEHS standards have been and will continue to be made.

OUR CUSTOMERS

Discussion with LTA safety team on participating in safety competition.

In the competitive business environment, the Group is fully aware that its customers are vital to its growth and success. Indeed, our customers have supported OKP from its early days as a sole-proprietorship in 1966 to become an established public listed company today. We acknowledge that our ability to stay strong and work towards a sustainable future despite the highs and lows of the business cycles over the past decades is attributed mainly to the steady and continual support of our customers.

Our relationships with our customers are for the long term and mutually beneficial. We believe that our customers benefit from our professional and reliable team efforts and quality services while we grow our expertise, broaden our capabilities, and expand our business through our customers' projects. We want to assure our customers that we have their best interests in mind and will do our utmost to produce quality results. Our customers' loyalty and trust in OKP has empowered us to be recognised 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.

We ensure that all employees are totally committed to deliver on our service promise. With the goal of fulfilling our service promise to our customers efficiently, our team works diligently together to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, the Group fulfils this service promise by training and encouraging our staff to support our customers to the best of their abilities at all times. We reinforce this view to our workforce by empowering them to listen attentively to our customers' feedback, and work in sync with the customers to identify their business issues and tackle them accordingly. We give our employees the necessary autonomy, resources and assistance to initiate new ideas to meet our customers' needs and concerns. Our workforce aims to remedy the underlying causes of a customer's problem rather than merely treating the symptoms, and through this method, resolve the issue smoothly.

At our worksites, we work to ensure our customers' health and safety at all times. We work in tandem with our customers to ensure that our safety standards comply with all applicable rules and regulations. For both customers and the Group, delivering a project on time and on budget is vital for the successful completion of all projects. To achieve this aim, we endeavour to work meticulously with our customers to ensure the projects are completed successfully within the stipulated contract terms.

DELIVERING ON OUR PROMISE TO OUR CUSTOMERS

As we seek to deliver on our service promise in the intensely competitive business environment in Singapore and the region, we believe that customer satisfaction becomes increasingly crucial in order to sustain our business. We fully realise that customer satisfaction has been a key factor in our business' growth and success. With a strong focus on our customers, OKP's management team and supervisors work together with them to provide a high degree of engagement so as to ensure the smooth and successful completion of all projects.

The Group is of the view that when OKP delivers on its contracts on time and on budget, and go beyond customers' requirements, the customers will have greater confidence and faith in us. Therefore, the Group goes out of its way to establish this confidence and establish a good reputation by ensuring that OKP delivers on all its projects with the highest standards of reliability, integrity and efficiency. Through our many years of operational experience, the Group has developed some key aims to ensure a high level of customer service. These targets enable OKP to develop a good rapport and uphold strong relationships with its customers and keep them satisfied.

We aim to provide:

- prompt response to customers' needs and in 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 establish a strong company with a sustainable business for the long haul, OKP needs to maintain as well as build up its 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.

The Group has established a good reputation 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.

At OKP, we seek to grow this list of customers as we tender for new projects and fortify our business in Singapore and the region. We have diversified our business by forming joint ventures with several partners to develop property projects. To build new capabilities and expertise and boost our competiveness, the Group has also invested in a joint venture in 2014 to tender for Mass Rapid Transit (MRT) projects and undertake MRT projects if awarded.

We also seek to enlarge our list of customers in the region. One of the tangible steps which we have taken is to obtain a licence in 2015 to operate a representative foreign construction service company in Jakarta, Indonesia to explore new business opportunities in the building and construction industry there.

With our strong expertise, broad experience, good track record and solid reputation for delivering results, we are in an excellent position to enlarge our customer base and establish a sustainable business in the long term in Singapore and the region.

SECURING CONTRACTS FROM REPEAT CUSTOMERS

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. At OKP, we believe that building and maintaining enduring relationships with customers is the foundation of the Group's business success.

Following this approach, OKP has made it a priority over the past several decades to grow and strengthen many strong and steadfast partnerships. The solid relationships we enjoy with our customers have produced good results as we have won many repeat contracts from various customers since we first started business as a sole-proprietorship in 1966.
Indeed, the Group is grateful for the continuing support from these long-term and loyal customers, who have stood by OKP through good as well as challenging times in the business cycle. These repeat contracts affirm that our customers are satisfied with our expertise and quality and service standards.

Securing a large number of returning customers is not easy. The repeat business is the result of the Group's competitive cost position and good past performances, which we believe are two key criteria for winning new contracts. We also believe that the time and efforts we invest in nurturing and keeping our customers satisfied play a significant role in winning such contracts. Certainly, our workforce's focus in delivering high standards and quality projects to our customers is equally important in clinching new and repeat contracts.

PARTNERING TO BOOST OUR CUSTOMERS' EFFICIENCIES

Due to the many overwhelming challenges facing the global economy, which in turn affects Singapore's economy, today's business environment is difficult and very competitive. As in any business operations, our customers also face situations where they have to take decisive actions to improve 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 company by enlarging our expertise, increasing our competitiveness and establishing a sustainable business in Singapore and the region, we aim to support our customers in maximising their efficiencies. We do this by being a dependable and reliable partner, who identifies and assists them to attain their financial and operational goals. The Group ensures that its contracts are priced accurately and fairly to reflect current market conditions. With our good track record in civil engineering infrastructure works and as an acknowledged market leader in public sector construction projects, we are in a strong position to deliver many value-added services to our customers.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

At OKP, we do not just engage with our customers professionally through our business activities at building sites and meetings. We also engage them in other ways outside of work. These activities include supporting them through providing sponsorships, and organising and hosting joint events in the respective industries.

INVESTOR RELATIONS

Participants interacted with OKP's senior management at the annual general meeting.

Besides good corporate governance, another area of best corporate practices is to have effective investor relations. The Group is committed to enhancing awareness and providing timely, objective and consistent information on its business and financial performance to its shareholders. We work to ensure that our investors understand and are kept up-to-date of our strategic directions, business operations and market environment so that they can make informed investment decisions.

To achieve this goal, OKP engages frequently with our investors on various platforms to communicate effectively with them. Our senior management and investor relations (IR) team proactively keep 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. Our commitment is to create and improve long-term value for all our shareholders and investors. We aim to build a strong and progressive company by acquiring better capabilities and enhancing our knowledge, experience and skills in order to fulfil our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this, the Group is able to achieve sustainable growth in its business and deliver stable results – to meet the expectations of its shareholders and investors.

To stay ahead as an industry leader in the competitive environment, OKP meticulously monitor the external business and macroeconomic situations affecting its business and responds strategically. We keep abreast of best practices by institutionalising good management practices, with effective operational procedures to ensure smooth practical workflow. The Group stressed to all employees the importance of delivering top-quality customer service, which meets and exceeds customers' expectations.

We continually seek to improve our investor relations (IR) practices for the benefit of our stakeholders. We are a member of the Investor Relations Professionals Association (Singapore). 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, the Group is steadfast in ensuring good corporate governance, whereby it manages, directs and balances the interests of its stakeholders, which include customers, staff, suppliers, business partners, investors and the general public. In the light of constantly developing requirements for better disclosure, transparency and corporate governance, OKP is of the view that good corporate governance is crucial in achieving and retaining investors' trust and confidence in the Group, as well as attracting new shareholders' interest.

We support the pledge towards board diversity, which is an initiative 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."

At OKP, we have set in place processes to enhance our corporate governance framework to allow greater transparency and fast-track management decision-making processes, and reinforce management oversight. One of the methods the Group does 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 ninth 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 2 August 2017, OKP's 2017 ranking is 242 compared to the 2016 ranking of 37. The Group's overall SGTI 2017 score was 69 compared to 80 in 2016. The SGTI results were based on a study of 606 companies in the General Category, and 42 in the REIT and Business Trust Category, which released their annual reports by 31 May 2017.

The Group proactively engages the investment community and show greater transparency to shareholders, investors and other interested parties so that they are being kept up-to-date on corporate developments and able to make well-informed decisions with regard to their investments. We believe that this transparency contributes significantly towards a better understanding of OKP and its activities, and allows the investing public to evaluate how well the company is performing.

As a responsible organisation committed to good corporate governance, OKP fully supports 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.

The 8th Corporate Governance Week with the theme "Purpose, Values & Culture – How Does It Drive Governance?" was held from 18-22 September 2017 with the Group's representatives participating in the event.

- **INVESTOR RELATIONS POLICY**
  At OKP, we have a clear IR policy, which is to ensure fair, open and ethical business dealings with all our stakeholders. We make certain that the Group discloses relevant 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 equal and simultaneous information about matters that may influence the movement of our share price.

  The Group has been acknowledged for its excellence in IR and commitment 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

INVESTOR RELATIONS

Engaging with shareholders.

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

- **DIVIDEND POLICY**
  The Group does 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

We recognise the importance of engaging and communicating effectively with shareholders, investors and other stakeholders, especially in the framework of constantly evolving demands for better disclosure, transparency and corporate governance. To achieve this goal, we use various communication platforms to share and facilitate communications 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 key channels to interact with investors is the annual general meeting (AGM), which is held every April. Besides providing an opportunity for investors to address their concerns and obtain 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 OKP's business, explain decisions made and address any issue raised. The Company takes full advantage of the AGM to brief shareholders of the Group's latest developments and provide an opportunity for shareholders to ask questions and vote on the resolutions being tabled. All directors especially the Chairpersons of the Audit, Nominating and Remuneration Committees are present to clarify matters raised. Shareholders may also submit written questions relating to the statutory audit report and OKP will respond in a timely manner to their questions.

- **ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS**
  We enable our investors to be well informed of OKP's latest developments by issuing timely announcements on new contracts, strategic developments, financial results and other important information through the SGXNET website, press releases, email alerts and the Group's investor-friendly website.

  Our investor relations website is a vital channel 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 the Group's quarterly results and annual reports. Since

2003, our website has featured webcasts comprising videos of full-year results messages plus presentation slides.

All the Company's announcements are posted instantly on its 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 the OKP's latest business developments promptly and effectively.

- **ANALYST AND MEDIA BRIEFINGS**
  During the release of the Group's quarterly results, the senior management team is present to meet with analysts to answer their questions and address any concerns. Outside of the financial results announcement periods, where necessary and appropriate, the senior management team would also meet analysts and fund managers, who seek to better understand OKP's 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 conducted tours to some of our facilities for interested analysts and the media.

  News about OKP has 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 a key communication tool for stakeholders and other interested parties. We therefore take great care to ensure that this publication gives a concise and correct picture 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 the Group's annual reports have won numerous accolades. These include:

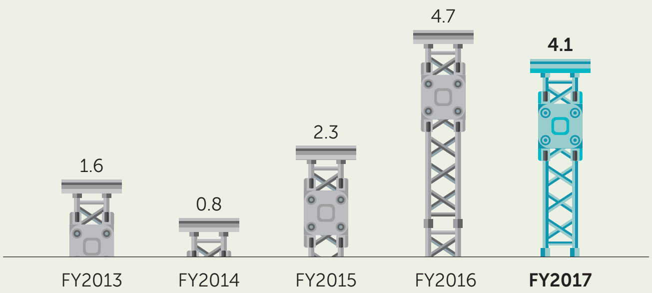
  - Best Annual Report Award (Gold) in the "Companies with less than $300 million in market capitalisation" category at Singapore Corporate Awards (SCA) 2016;
  - Best Annual Report Award (Gold) in the "Companies with less than $300 million in market capitalisation" category at SCA 2013;
  - Best Annual 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 our shareholders and other stakeholders. Thus, we make full use of technology by organising 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 stakeholders and other interested parties are able to email their feedback and queries to the Group's management and be assured of a prompt response. Our website is regularly updated to provide the latest information on our operations and corporate developments.


OKP held small group analyst briefing for year-end results.

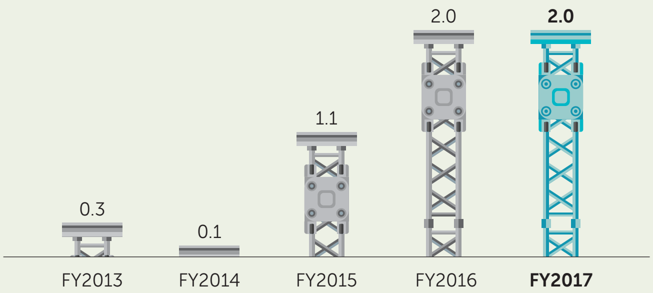
INVESTOR RELATIONS

BASIC EARNINGS PER ORDINARY SHARE
Cents



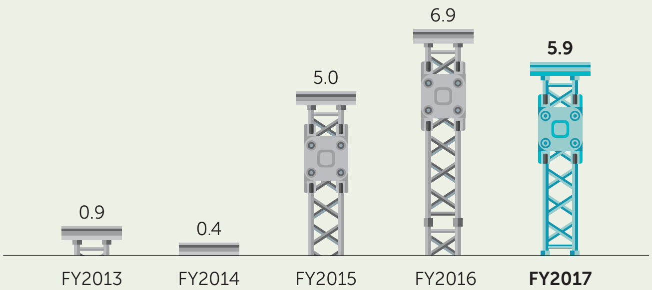
As a result of the decrease in profit after tax, basic earnings per ordinary share decreased from 4.7 cent in FY2016 to 4.1 cent in FY2017.

GROSS DIVIDEND PER ORDINARY SHARE
Cents



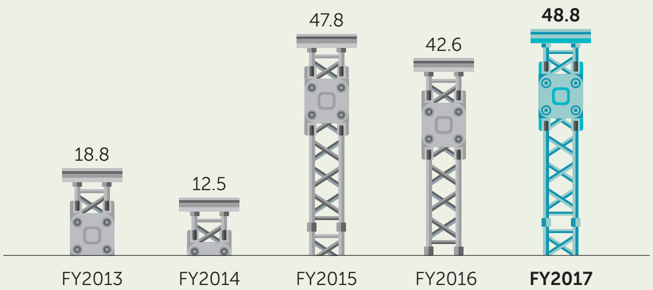
The Company is proposing a final dividend of 0.7 cent per share and a special dividend of 1.3 cents per share for FY2017 for the approval of shareholders at the forthcoming annual general meeting of the Company.

GROSS DIVIDEND YIELD
Per cent



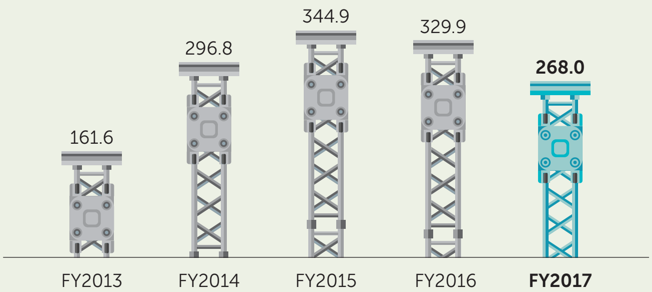
The gross dividend yield of 5.9 per cent is calculated based on the share price of 34.0 cents as at 31 December 2017.

GROSS DIVIDEND PAYOUT
Per cent



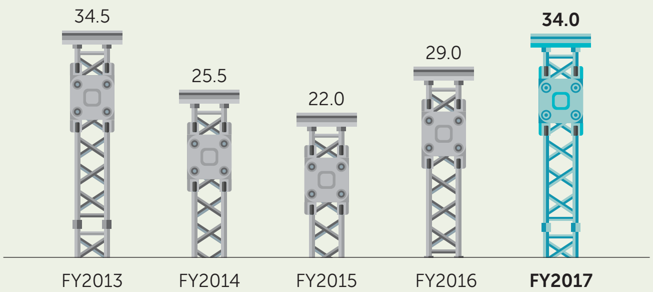
The Company is proposing a final dividend of 0.7 cent per share and a special dividend of 1.3 cents per share for FY2017 representing a dividend payout ratio of 48.8 per cent.

NET ORDER BOOK
$ Million



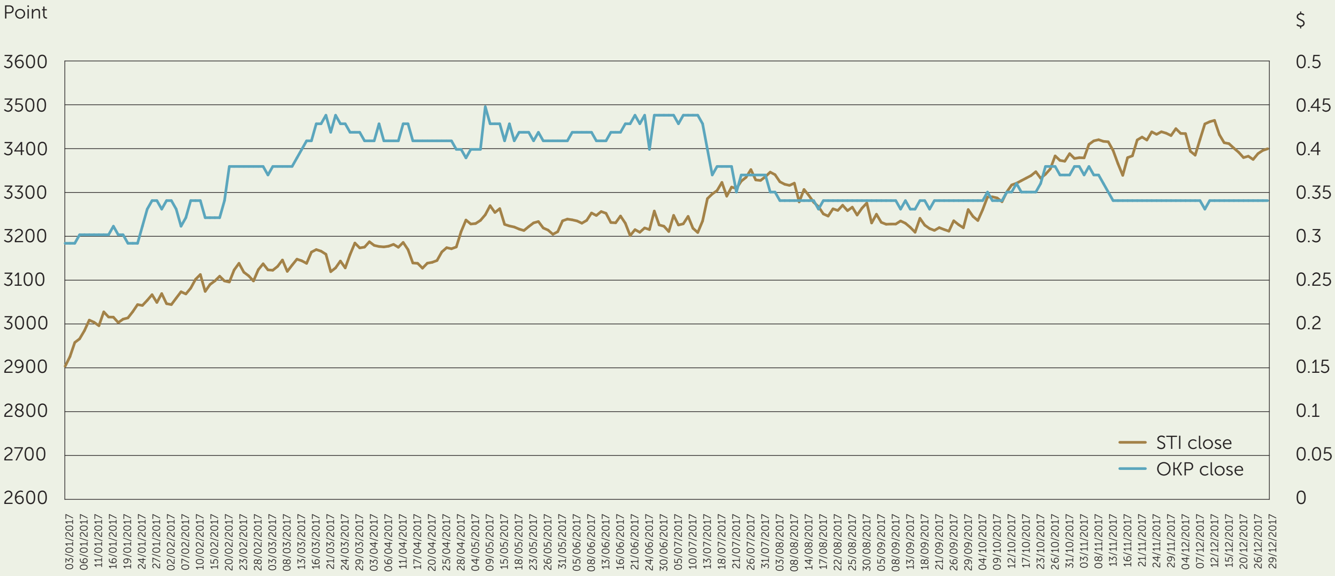
The Group's net order book stood at $268.0 million, with revenue extending to 2021.

SHARE PRICE
Cents



The price of our shares closed at 34.0 cents as at 31 December 2017.

OKP SHARE PRICE VS STI 2017



	2013	2014	2015	2016	2017
Highest Price	$0.56	$0.37	$0.26	$0.31	$0.45
Lowest Price	$0.32	$0.25	$0.19	$0.21	$0.29
31 December Closing Price	$0.35	$0.26	$0.22	$0.29	$0.34

FINANCIAL CALENDAR

FY2018	
12 February	Announcement of full year results for financial year 2017
2 April	Despatch of Annual Report
26 April	Sixteenth Annual General Meeting Extraordinary General Meting
7 May	Books Closure for Dividend Entitlement
May	Announcement of first quarter results for financial year 2018
17 May	Payment of FY2017 Final and Special Dividends
July/August	Announcement of second quarter and half year results for financial year 2018
October/November	Announcement of third quarter and nine months results for financial year 2018

FY2017	
20 February	Announcement of full year results for financial year 2016
3 April	Despatch of Annual Report
24 April	Fifteenth Annual General Meeting
3 May	Books Closure for Dividend Entitlement
8 May	Announcement of first quarter results for financial year 2017
17 May	Payment of FY2016 Final and Special Dividends
31 July	Announcement of second quarter and half year results for financial year 2017
7 November	Announcement of third quarter and nine months results for financial year 2017

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.

Guideline 1.3 of the Code: Disclosure on delegation of authority by Board to Board Committees

The Board held four scheduled meetings in the financial year ended 31 December 2017. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

Guideline 1.4 of the Code: Board to meet regularly

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2017 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	3	*3	*1	*1
Mr Or Kiam Meng	4	*4	*1	*1
Mr Oh Enc Nam	4	*4	*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 Article 120(2) of the Company's Articles of Association.

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.

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.

Guideline 1.5 of the Code: Matters requiring Board approval

CORPORATE GOVERNANCE REPORT (CONT'D)

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

Guidelines 1.6 of the 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, Singapore Exchange, 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 XXI World Congress on Safety and Health at Work 2017 in Singapore held from 3 to 6 September 2017 and organised by the Singapore Ministry of Manpower, together with the International Labour Organisation and the International Social Security Association.

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.

Guideline 1.7 of the Code: Formal letter to be provided to Directors setting out their duties

<u>Board Composition and Guidance</u>

Principle 2: ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.***

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.

Guideline 2.1 of the Code: One-third of directors to be independent

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.

Guideline 2.2 of the Code: Independent directors to make up at least half of the Board in certain circumstances

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 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 10% 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.

Guideline 2.3 of the Code: Disclosure of Directors considered to be independent

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. The total professional fees paid to Niru & Co LLC in FY2017 amounted to $65,407. As such, the NC considers Mr Niru to be independent.

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.

Guideline 2.4 of the Code: Independence of Director who has served on the Board beyond nine years should be subject to rigorous review

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.

Guideline 2.5 of the Code: Board to determine its 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.

Guideline 2.6 of the Code: Board to comprise Directors with core competencies

CORPORATE GOVERNANCE REPORT (CONT'D)

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

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.

Guideline 2.7 of the Code: Role of non-executive directors

The Independent Directors met or communicated amongst themselves without the presence of the Management twice during FY2017.

Guidelines 2.8 of the Code: Regular meetings of non-executive directors

<u>**Chairman and Chief Executive Officer**</u>

Principle 3: ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.***

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.

Guideline 3.1 of the Code: Chairman and CEO should be 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:

Guideline 3.2 of the Code: Chairman's role

- 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 Code, an "independent" Director is defined as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that 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.

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.

Guideline 3.3 of the Code: Appointment of LID

The Independent Directors, led by the LID, met or communicated amongst themselves without the presence of the other Directors twice during FY2017, and the LID provides any feedback to the Group Chairman after such meetings.

Guideline 3.4 of the Code: Led by the LID, independent directors to meet periodically

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Our Policy and Practices:

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

Guideline 4.1 of the Code: NC to recommend all Board appointments

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

- To make recommendations to the Board on relevant matters relating to the review of board succession plans for Directors;
- To review nominations for the appointment and re-appointment of Directors to the Board and the various Board Committees;
- To decide on how the Board's performance may be evaluated, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director;
- To decide, where a Director has multiple board representations, whether the Director is able to and has been adequately carrying out his duties as Director of the Company;
- To 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 Article 107 of the Company's Articles of Association, 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, Article 109 provides that the retiring Directors are eligible to offer themselves for re-election. Article 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.

Guideline 4.2 of the Code: NC to recommend to the Board on certain relevant matters

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.

Guideline 4.3 of the Code: NC to determine Directors' independence annually

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 hold more than 8 listed company board representations.

Guideline 4.4 of the Code: Ensure Directors with multiple board representations give sufficient time and attention to the Company

Currently, the Company does not have alternate directors.

Guideline 4.5 of the Code: Boards should avoid approving the appointment of alternate directors.

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:

Guideline 4.6 of the Code: Description of process for selection and appointment of new Directors to be disclosed

(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.

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' Statement" section of the Annual Report.

Guideline 4.7 of 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	83	Group Chairman	15 February 2002	24 April 2017
Mr Or Toh Wat	50	Group Managing Director	15 February 2002	Not Applicable
Mdm Ang Beng Tin	62	Executive Director	20 March 2002	27 April 2015
Mr Or Kiam Meng	53	Executive Director	20 March 2002	24 April 2017
Mr Oh Enc Nam	62	Executive Director	20 March 2002	18 April 2016
Mr Or Lay Huat Daniel	40	Executive Director	1 August 2006	18 April 2016
Dr Chen Seow Phun, John	64	Lead Independent Director	25 June 2002	24 April 2017
Mr Nirumalan s/o V Kanapathi Pillai	65	Independent Director	1 June 2005	27 April 2015
Mr Tan Boen Eng	85	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 Or Toh Wat, Mdm Ang Beng Tin and Mr Nirumalan s/o V Kanapathi Pillai will retire by rotation at the forthcoming AGM and be subject to re-election by the Company's shareholders.

CORPORATE GOVERNANCE REPORT (CONT'D)

Board Performance

Principle 5: ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

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.

Guidelines 5.1 and 5.2 of the 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 2017.

(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 2017.

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.

Guidelines 5.3 of the Code: Evaluation of each Director whether he/she continues to contribute effectively

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2017.

Access to Information

Principle 6: ***In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

Our Policy and Practices:

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.

Guidelines 6.1 and 6.2 of the Code: Board should have separate and independent access to Management; Management obliged to provide Board with adequate and timely information and include background and explanatory information

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.

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.

Guidelines 6.3 of the Code: Directors should have separate and independent access to Company Secretary; role of Company Secretary to be clearly defined

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

Guidelines 6.4 of the Code: Appointment and removal of Company Secretary

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.

Guideline 6.5 of the Code: Procedure for Board to take independent professional advice at company's cost

CORPORATE GOVERNANCE REPORT (CONT'D)

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

Our Policy and Practices:

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

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

Guideline 7.1 of the Code: RC to consist entirely of non-executive Directors

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

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

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

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

The RC recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximise shareholder value. The members of the RC do not participate in any decisions concerning their own remuneration.

Guideline 7.2 of the Code: RC to review and recommend to the Board a general framework of remuneration for the Board and key management personnel

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.

Guideline 7.3 of the Code: RC to seek expert advice

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.

Guideline 7.4 of the Code: RC to review the Company's obligations in event of termination of executive directors and key management personnel

Level and Mix of Remuneration

Principle 8: ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.***

Our Policy and Practices:

The Company has a staff remuneration policy which comprises a fixed component and a variable component.

Guideline 8.1 of the Code: Package should align Executive Directors' interest with shareholders' interest

The fixed component comprises basic salary plus other fixed allowances. To ensure that key executives' remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2017, variable or performance related income/bonus made up 42.0% to 52.0% 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.

Guideline 8.2 of the Code: Long-term incentive schemes are encouraged

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guideline 8.3 of the Code: Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities

The RC has reviewed and approved the service agreements of all the Executive Directors. Each of the Executive Directors has a formal service agreement which is automatically renewed on a yearly basis. There are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving the Executive Director one month's notice in writing, or in lieu of notice, payment of one month's salary based on the Executive Director's last drawn salary. Executive Directors are not paid directors' fees.

There are no termination or retirement benefits that are granted to the Directors. The RC is currently reviewing if it is necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

Guidelines 8.4 of the Code: To consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors

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

Principle 9: ***Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Our Policy and Practices:

The Board has not included a separate annual remuneration report to shareholders in the Annual Report on the remuneration of Directors and the top five key management personnel (who are not Directors of the Company) as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel. The remuneration levels are in line with industry practices and the variable bonuses are linked to the Company's and the individual's performance.

Guidelines 9.1, 9.2 and 9.3 of the Code: Remuneration of Directors and top 5 key management personnel

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2017 is as follows:

The level and mix of remuneration of each Director for the financial year ended 31 December 2017

Remuneration Band & Name of Director	Base/ fixed salary *	Variable or performance related income/ bonuses	Directors' fees **	Directors' Allowance	Benefits–in–kind	Total
$750,000 to $999,999						
Mr Or Kim Peow	45.0%	42.0%	–	9.0%	4.0%	100.0%
$500,000 to $749,999						
Mr Or Toh Wat	39.0%	51.0%	–	9.0%	1.0%	100.0%
Mdm Ang Beng Tin	38.0%	51.0%	–	9.0%	2.0%	100.0%
Mr Or Kiam Meng	38.0%	50.0%	–	9.0%	3.0%	100.0%
Mr Oh Enc Nam	38.0%	52.0%	–	9.0%	1.0%	100.0%
Mr Or Lay Huat Daniel	39.0%	51.0%	–	9.0%	1.0%	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 2017 is as follows:

The level and mix of remuneration of each key management personnel for the financial year ended 31 December 2017

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	71.0%	25.0%	4.0%	100%
Mr Or Yew Whatt (1), (3)	66.0%	34.0%	–	100%
Below $250,000				
Mr Oh Kim Poy (2), (3)	71.0%	29.0%	–	100%

* 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 2017 was $697,392 (FY2016: $681,309).

CORPORATE GOVERNANCE REPORT (CONT'D)

Save as disclosed above, there was no employee of the Company and its subsidiaries who was an immediate family member of a Director and whose remuneration exceeded $50,000 during the financial year ended 31 December 2017. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent. To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of each employee who was an immediate family member of a Director in bands of $50,000.

Guideline 9.4 of the Code: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds $50,000

Currently, the Company does not have any employee share schemes.

Guideline 9.5 of the Code: Details of employees share schemes

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 2017, all the Executive Directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.

Guideline 9.6 of the Code: To disclose information on the link between remuneration paid to the Executive Directors and key management personnel, and performance.

3. ACCOUNTABILITY AND AUDIT

<u>**Accountability**</u>

Principle 10: ***The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.***

Our Policy and Practices:

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.

Guideline 10.1 of the Code: Board's responsibility to provide balanced, understandable assessment of Company's performance and position on interim basis

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.

Guideline 10.2 of the Code: Board to take adequate steps to ensure compliance with legislative and 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.

Guideline 10.3 of the Code: Management should provide Board with management accounts on a monthly basis

<u>Risk Management and Internal Controls</u>

Principle 11: ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

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 115 to 123 of this Annual Report.

Guideline 11.1 of the Code: Board to determine the Company's levels of risk tolerance and risk policies

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.

Guideline 11.2 of the Code: Board to review adequacy of risk management and internal control systems

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.

Guideline 11.3 of the Code: Board to comment on the adequacy and effectiveness of the internal controls

CORPORATE GOVERNANCE REPORT (CONT'D)

The Management has made reference to the report prepared in August 2012 and reported to the AC for the financial year ended 31 December 2017, 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 obtained written assurance from the Group MD and the Group Financial Controller that:
(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) the Group's risk management and internal control systems are effective.

SGX Listing Rule 1207 (10)

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 2017.

Guideline 11.4 of the Code: Board to assess appropriate means to assist in carrying out its responsibility of overseeing the Company's risk management framework and policies

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.

Audit Committee

Principle 12: The Board should establish an Audit Committee (AC) with written terms of reference which clearly set out its authority and duties.

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)

Guideline 12.1 of the Code: AC should comprise at least three directors, all non-executive, and the majority of whom, including the Chairman, 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.

Guideline 12.2 of the Code: Board to ensure AC members are qualified

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 met four times in the financial year ended 31 December 2017 and the Executive Directors were invited to attend the meetings.

Guideline 12.3 of the Code: AC to have explicit authority to investigate and have full access to Management and reasonable resources

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:

Guideline 12.4 of the Code: Duties of AC

- 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;
- 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;

CORPORATE GOVERNANCE REPORT (CONT'D)

- 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.

The AC met with the external auditors four times during the financial year ended 31 December 2017 and once in February 2018, including without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC. The AC also met with the internal auditor without the presence of the Management once during the financial year ended 31 December 2017.

Guideline 12.5 of the Code: AC to meet external and internal auditors without the presence of management, annually

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.

The fees paid by the Company to the external auditors for audit and non-audit services (namely, tax advice) amounted to $139,000 (2016:$138,000) and $24,750 (2016:$24,600) 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.

Guideline 12.6 of the Code: AC to review independence of external auditors annually

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 2017 is the first year for which the current audit partner of Nexia TS Public Accounting Corporation is in charge of the audit of the Group.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy 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.

Guideline 12.7 of the Code: AC to review arrangements for staff to raise concerns/ possible improprieties to AC

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 2017, 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.

Guideline 12.8 of the Code: AC to keep updated on changes to accounting standards

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Guideline 12.9 of the Code: Director of Company's existing auditing firm should not act as member of the AC

<u>**Internal Audit**</u>

Principle 13: ***The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.***

Our Policy and Practices:

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 2017. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

Guideline 13.1 of the Code: IA to report to AC Chairman

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 adequately resourced and has appropriate standing within the Company.

Guideline 13.2 of the Code: 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.

Guideline 13.3 of the Code: Internal audit function staffed with relevant experienced personnel

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.

Guideline 13.4 of the Code: IA should meet standards set by internationally-recognised professional bodies

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guideline 13.5 of the 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 RESPONSIBILITIES

<u>Shareholder Rights</u>

Principle 14: ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

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.

Guideline 14.1 of the Code: To facilitate the exercise of ownership rights by all shareholders

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.

Guideline 14.2 of the Code: Company to ensure the shareholders have the opportunity to participate effectively in 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.

Guideline 14.3 of the Code: Company to allow certain corporations to appoint more than two proxies

__Communication with Shareholders__

Principle 15: ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

Our Policy and Practices:

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 82 to 87 of this Annual Report.

Guidelines 15.1 and 15.2 of the Code: Company to devise an effective investor relations policy to regularly convey pertinent information to shareholders and disclose information on a timely basis through SGXNET

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 2017, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

Guideline 15.3 of the Code: Company to establish and maintain regular dialogue with shareholders

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.

Guideline 15.4 of the Code: Steps that the Company takes to solicit and understand the views of the 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.

Guideline 15.5 of the Code: Companies are encouraged to have 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.

CORPORATE GOVERNANCE REPORT (CONT'D)

Conduct of Shareholder Meetings

Principle 16: ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.***

Our Policy and Practices:

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.

Guideline 16.1 of the Code: Shareholders should be allowed to vote in absentia

The Company believes in encouraging shareholder participation at general meetings. The Articles of Association of the Company allow 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.

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.

Guideline 16.2 of the Code: Company should avoid "bundling" resolutions

The Group Chairman, Group MD, Directors, Group Financial Controller and Company Secretary are in attendance at AGMs 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.

Guideline 16.3 of the Code: Committee Chairman and external auditors to be present at AGM

The Company prepares minutes of general meetings and makes these minutes of the discussion at the general meetings available to shareholders upon their request.

Guideline 16.4 of the Code: Minutes to be available to shareholders

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the AGM. The Company adopts a non-electronic poll system due to the relatively low number of shareholders attending the AGM. The Company appoints an independent external party as scrutineer for the poll voting process. Prior to the AGM, the scrutineer will review the proxies and the poll voting system, and attend at the proxy verification process, to ensure that the proxy and poll voting procedures are complied with. During the AGM, the scrutineer ensures that polling has been properly carried out.

Guideline 16.5 of the Code: Company to put all resolutions to vote by poll

The Company informs the shareholders of the voting procedures and ensures that the shareholders are given the opportunity to participate effectively in and vote at the AGM.

5. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The Code has been modelled according to Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and all key executives are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly results or one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. 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.

6. 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 2017 or if not then subsisting, entered into since the end of the financial year ended 31 December 2016.

7. 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 2017. 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 2017 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year ended 31 December 2017conducted under shareholders' mandate pursuant to Rule 920
	$'000	$'000
Niru & Co LLC – Professional fee	65	–

Note:
(a) Mr Niruumalan s/o V Kanapathi Pillai, the Independent Director of the Company, is the Senior Director of Niru & Co LLC.

CORPORATE GOVERNANCE REPORT (CONT'D)

8. UTILISATION OF PROCEEDS

Exercise of 59,928,802 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 105 – 106 of this Annual Report.

MEMBERS AND GOVERNANCE OF THE AUDIT COMMITTEE

The AC was formed on 12 July 2002 and comprises entirely independent directors, namely, Dr Chen Seow Phun, John (AC Chairman), Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng. There have been no changes in the members of the AC since the financial year ended 31 December 2016.

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 2017 and once in February 2018, including without the presence of the Management. 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 2017 is set out on page 89 of this Annual Report.

SIGNIFICANT RISKS AND JUDGMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2017, 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 recognition of long-term contract accounting in construction and maintenance segments	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 2017. For more details, please refer to pages 128 – 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.
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 2017. For more details, please refer to pages 129 – 130 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 2017 were reasonable.

AUDIT COMMITTEE REPORT

INTERNAL CONTROLS

The Group has put in place key risk management framework and internal control systems including financial, operational, compliance and information technology controls. The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd (HLS). The AC receives the internal audit report from HLS, assesses the adequacy and effectiveness of the Group's key risk management and evaluates the internal audit processes and systems that are in place. The AC meets with HLS annually without the presence of the Management.

EXTERNAL AUDIT

The AC has evaluated the quality of work performed by the external auditors, Nexia TS Public Accounting Corporation, based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria. The AC is satisfied with the standards of the external auditors' work. The AC meets with the external auditors annually without the presence of the Management.

The AC also performs a review of the non-audit services provided by the external auditors to ensure that they would not affect the independence of the external auditors.

The AC has recommended to the Board that the re-appointment of Nexia TS Public Accounting Corporation be proposed at the forthcoming Annual General Meeting in April 2018.

Dr Chen Seow Phun, John
Chairman of the Audit Committee

16 March 2018

RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in all business enterprises, and therefore, managing risks is a very important 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 in 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, OKP 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 25 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 our Group 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.	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.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
	In the case of environmental regulations, our Group's operations are subjected to various environmental laws in Singapore, which related mainly to the storage, discharge, handling, emission, generation use and disposal of solid and hazardous waste and other toxic materials used during the construction phase. 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 our Group's business. All these actions could have an adverse effect on our project costs, financial performance and business.	
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 and steadfastly 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.	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 has put us in a strong position to tender competitively for both government and private sector projects.

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
	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.	We have a long operating history and a good track record; and over the years, we have shown distinctively 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.
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.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
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 58 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 26 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 32 years' experience and Mr Oh Enc Nam has more than 38 years' experience in the construction industry. Mdm Ang Beng Tin has more than 43 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. In the event that 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, 40 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.
8.	**Dependence on private sector clientele for a portion of our revenue**	
	Over the years, we have tapped on the private sector increasingly for projects so as 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 clientele 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.

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
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 projects, 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. In the event that 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 course of construction; 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 decrease our earnings.	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, our Group 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 OKP. 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 183 – 190 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.	**Industry 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 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 in the event that industrial accidents happen.

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
	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 are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.
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 meet our requirements for quality at all times. 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 sub-contractors 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 2017, 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.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
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.
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.

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
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.
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 currently have a representative office in Jakarta, Indonesia. We are also exploring opportunities to extend our reach beyond Singapore. 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.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

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 133 to 199 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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Or Kim Peow
Or Toh Wat
Ang Beng Tin
Or Kiam Meng
Oh Enc Nam
Or Lay Huat Daniel
Chen Seow Phun, John
Nirumalan s/o V Kanapathi Pillai
Tan Boen Eng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	As at 31.12.2017	As at 1.1.2017	As at 21.1.2018	As at 31.12.2017	As at 1.1.2017	As at 21.1.2018
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' 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 31.12.2017	As at 1.1.2017	As at 21.1.2018	As at 31.12.2017	As at 1.1.2017	As at 21.1.2018
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:

Dr Chen Seow Phun, John (Chairman)
Mr Nirumalan s/o V Kanapathi Pillai
Mr 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 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;
- To review the cooperation given by the Management to the independent auditor;

AUDIT COMMITTEE (CONT'D)

- 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 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 2017 and once in February 2018 without the presence of the Management. They also met the internal auditor once in November 2017. 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

16 March 2018

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 2017, 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 133 to 199.

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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 recognition of long-term contract accounting in construction and maintenance segments**
[Refer to Notes 2.15 (i) and 3 (iv)]

Area of focus

For the financial year ended 31 December 2017, revenue from construction and maintenance segments recognised based on percentage-of-completion ("POC") method amounted to $78,448,585 and $38,845,339 respectively. The POC on these two segments were measured by reference to the percentage of the survey of work performed.

As these contracts are usually long-term, sometimes spanning a number of reporting periods, changes in conditions and circumstances over time can result in variations to the original sum and adjustments of the estimated contract costs including cost overruns which require further negotiation and settlements resulting in the adjustments of contract sum.

In the event when it is probable that the total contract costs will exceed the total contract revenues, a provision for all foreseeable losses would be recognised as an expense immediately.

We focused on the accuracy of revenue recognition and completeness of foreseeable losses on construction contracts due to the significant management judgement required in determining the total contract sum and total contract costs.

Key Audit matters (cont'd)

(1) **Revenue recognition of long-term contract accounting in construction and maintenance segments (cont'd)**

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- Reviewed new contracts obtained during the financial year and agreed on the amounts to customer contracts and variation orders. Our testing also included evaluating customer acceptance of the work done to establish whether contractual milestones had been achieved, assessed the impact of any ongoing disputes, and assessed the reasonableness of management's estimates of cost to complete the contract.

- Considered the effectiveness of the internal controls over the recording of revenue for both segments and tested the key controls of the internal controls.

- Evaluated management's sensitivity analysis to assess the impact on the amount of revenue and contract costs of uncompleted contracts for both segments by reasonable possible changes to these estimates.

- Assessed the key inputs in the cost estimation by comparing them against actual revenue generated and costs incurred for the project; and compared approved budgeted revenue and cost against actual revenue and cost incurred for the project.

- Assessed the adequacy of provision for foreseeable losses on the projects by analysis of the estimated total costs exceeding the total contract revenues, identity any major delays and/or cost overruns which might result in loss-making contract.

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

(2) **Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East**

Area of focus

The Group is the main contractor engaged by the Land Transport Authority ("LTA") for the design and construction of the project. On 14 July 2017, part of the viaduct structure near Upper Changi Road East collapsed. As a result, the project has been suspended. Meanwhile, management is still working closely with the authorities on the on-going investigations and assessed the additional costs arising from the incident. Management also considered the probability of the total contract costs that will exceed total contract revenue, to ensure that the expected loss is recognised as an expense immediately. Consequently, the Group has recorded additional costs of $3,223,081.

We focused on this area because it is a significant event that occurred during the financial year and required management's judgement to determine the potential costs arising from the incident.

Key Audit matters (cont'd)

(2) **Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East (cont'd)**

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- Discussed with the project team and key management personnel to understand the current status of the incident.

- Read the contract and obtained legal representation from lawyer, and considered the potential of liquidated damages which may arise from the project.

- Performed substantive analytical procedures for the accrued additional costs such as manpower and material costs and ensuring appropriate accounting treatment and the adequacy of accrual of additional costs.

- Performed test of details on a sampling basis on contract expenditure by substantiating costs incurred to sub-contractors' invoices, supplier invoices and payment certificates.

We found the assessment made by management and the additional costs recorded to be reasonable.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
16 March 2018

BALANCE SHEETS
AS AT 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Current assets					
Cash and cash equivalents	4	86,107,412	74,685,219	3,546,755	3,771,417
Trade and other receivables	5	24,485,493	30,201,838	11,913,857	10,106,864
Construction contract work-in-progress	6	1,470,195	1,502,185	–	–
		112,063,100	106,389,242	15,460,612	13,878,281
Non-current assets					
Investments in subsidiary corporations	7	–	–	19,218,773	17,522,234
Investments in joint ventures	8	5,495,361	5,604,012	–	–
Investments in associated companies	9	3,174,494	973,194	–	–
Investment properties	10	7,199,830	5,080,000	–	–
Other receivables	11	16,600,744	24,025,774	16,846,939	18,193,878
Financial assets, available-for-sale	12	–	1,015,305	–	–
Property, plant and equipment	13	20,054,447	19,417,225	5,262,996	5,211,355
Intangible assets	14	1,737,192	1,712,135	6,403	9,600
		54,262,068	57,827,645	41,335,111	40,937,067
Total assets		166,325,168	164,216,887	56,795,723	54,815,348
LIABILITIES					
Current liabilities					
Trade and other payables	15	38,082,355	43,740,000	8,145,849	8,413,634
Finance lease liabilities	16	1,066,991	1,119,801	–	–
Current income tax liabilities	27(b)	2,159,227	1,953,336	33,000	18,851
		41,308,573	46,813,137	8,178,849	8,432,485
Non-current liabilities					
Finance lease liabilities	16	1,414,151	2,027,767	–	–
Deferred income tax liabilities	17	1,090,764	952,724	2,972	4,897
		2,504,915	2,980,491	2,972	4,897
Total liabilities		43,813,488	49,793,628	8,181,821	8,437,382
NET ASSETS		122,511,680	114,423,259	48,613,902	46,377,966
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	36,832,301	36,832,301	36,832,301	36,832,301
Other reserves	19	1,372,330	1,373,083	–	–
Retained profits	20	84,307,049	76,217,875	11,781,601	9,545,665
Total equity		122,511,680	114,423,259	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 2017

	Note	Group 2017 $	Group 2016 $
Revenue	21	117,293,924	111,098,622
Cost of works	6	(95,599,736)	(89,179,149)
Gross profit		21,694,188	21,919,473
Other income	23	882,484	2,471,676
Expenses			
– Administrative		(10,033,428)	(10,842,487)
– Finance	26	(76,308)	(72,183)
– Share of profit of associated companies and joint ventures	8,9	2,519,485	3,030,130
Profit before income tax		14,986,421	16,506,609
Income tax expense	27(a)	(2,270,748)	(2,168,540)
Net profit		12,715,673	14,338,069
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
– Fair value gain	19(b)(i)	5,140	24,860
– Reclassification	19(b)(i)	(5,893)	–
Other comprehensive (loss)/income		(753)	24,860
Total comprehensive income		12,714,920	14,362,929
Earnings per share attributable to equity holders of the Company (cents per share)	28		
– Basic		4.12	4.65
– Diluted		4.12	4.65

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital $	Fair value reserve $	Asset revaluation reserve $	Retained profits $	Total equity $
2017						
Beginning of financial year		36,832,301	753	1,372,330	76,217,875	114,423,259
Total comprehensive income for the year		–	(753)	–	12,715,673	12,714,920
Dividends	29	–	–	–	(4,626,499)	(4,626,499)
End of financial year		36,832,301	–	1,372,330	84,307,049	122,511,680
2016						
Beginning of financial year		36,832,301	(24,107)	1,372,330	66,506,265	104,686,789
Total comprehensive income for the year		–	24,860	–	14,338,069	14,362,929
Dividends	29	–	–	–	(4,626,459)	(4,626,459)
End of financial year		36,832,301	753	1,372,330	76,217,875	114,423,259

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $
Cash flows from operating activities			
Net profit		12,715,673	14,338,069
Adjustments for:			
– Income tax expense	27(a)	2,270,748	2,168,540
– Depreciation of property, plant and equipment	24	2,796,476	2,820,496
– Property, plant and equipment written off	24	–	11,840
– Amortisation of intangible assets	24	14,943	77,455
– Net loss on disposal of financial assets, available-for-sale	23	14,552	–
– Fair value loss on investment properties	23	150,000	170,000
– Gain on disposal of property, plant and equipment	23	(7,264)	(41,765)
– Share of profit of investments accounted for using equity method	8,9	(2,519,485)	(3,030,130)
– Interest income	23	(789,020)	(667,441)
– Interest expense	26	76,308	72,183
Operating cash flow before working capital changes		14,722,931	15,919,247
Change in working capital:			
– Trade and other receivables		9,568,211	(4,989,522)
– Construction contract work-in-progress		31,990	2,735,844
– Trade and other payables		(5,657,645)	14,425,616
Cash generated from operations		18,665,487	28,091,185
– Interest received		753,075	616,191
– Income tax paid	27(b)	(1,926,817)	(442,622)
Net cash provided by operating activities		17,491,745	28,264,754
Cash flows from investing activities			
– Additions to property, plant and equipment		(2,934,747)	(1,986,504)
– Additions to intangible assets		(40,000)	(18,730)
– Additions to investment properties		(2,269,830)	–
– Disposal of property, plant and equipment		34,813	89,681
– Disposal of financial assets, available-for-sale		1,000,000	–
– Advance to joint venture		–	(160,000)
– Repayment of loans by a joint venture		2,000,000	–
– Dividends received from a joint venture	8	2,000,000	–
– Interest received		35,945	51,250
Net cash used in investing activities		(173,819)	(2,024,303)
Cash flows from financing activities			
– Repayment of finance lease liabilities		(1,192,926)	(1,545,249)
– Interest paid		(76,308)	(72,183)
– Dividends paid to equity holders of the Company	29	(4,626,499)	(4,626,459)
– Bank deposits pledged		17,500	607,106
Net cash used in financing activities		(5,878,233)	(5,636,785)
Net increase in cash and cash equivalents		11,439,693	20,603,666
Cash and cash equivalents			
Beginning of financial year		70,111,805	49,508,139
End of financial year	4	81,551,498	70,111,805

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017 were authorised for issue in accordance with a resolution of the Board of Directors of OKP Holdings Limited on 16 March 2018.

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 are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years, except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 16. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 16, the application of these amendments has had no impact on the Group's consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(i) Subsidiary corporations (cont'd)

(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) 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

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

(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.

2.3 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (cont'd)

(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.

2.4 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets (cont'd)

(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.

2.5 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.

2.6 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets

(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)

2.8 Financial assets (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 2.8(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.

2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial guarantees

The Company has issued corporate guarantees to banks for banking facilities of its subsidiary corporations and an associated company. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations and associated company fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' and associated company's banking facilities, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.11 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"), as measured by surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

Costs incurred during the financial year in connection with future activity on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 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.

2.13 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.

2.14 Leases

(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.

(b) Lessee – Operating leases

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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leases (cont'd)

(ii) When the Group is the lessor

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

(a) 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.

2.15 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating transactions within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Revenue from construction and maintenance contracts

Revenue from construction and maintenance contracts is recognised based on the percentage-of-completion method as disclosed in Note 2.11.

(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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 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.

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.

2.17 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.

2.18 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee compensation (cont'd)

(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.

2.19 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.

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.

2.20 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.

2.21 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.

2.22 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 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.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

2.25 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 14(a).

For goodwill attributable to construction segment and maintenance segment, the change in the estimated recoverable amount from any reasonably possible change in the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2017 were $20,054,447 (2016: $19,417,225). 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 $304,465 (2016: $259,566) respectively.

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

(iii) Impairment of property, plant and equipment

For the financial year ended 31 December 2017, the carrying amounts of property, plant and equipment were $20,054,447 (2016: $19,417,225). Property, plant and equipment mainly consist of land and building, plant and machinery, and motor vehicles. 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 uses the stage of completion method to account for its contract revenue. The stage of completion is measured by surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, as well as the profitability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works from the customers. In making the judgement, the Group evaluates this by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by $692,000 (2016: $507,000) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $22,957,000 (2016: $29,517,000) respectively.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Cash at bank and on hand	27,174,381	16,109,740	2,866,534	3,041,666
Short-term bank deposits	58,933,031	58,575,479	680,221	729,751
	86,107,412	74,685,219	3,546,755	3,771,417

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

	Group	
	2017	**2016**
	$	**$**
Cash and bank balances (as above)	86,107,412	74,685,219
Less: Bank deposits pledged	(4,555,914)	(4,573,414)
Cash and cash equivalents per consolidated statement of cash flows	81,551,498	70,111,805

Short-term bank deposits of $4,555,914 (2016: $4,573,414) are pledged to banks for banking facilities of certain subsidiary corporations.

5 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables				
– Non-related parties	1,809,150	9,135,104	–	–
– Subsidiary corporations	–	–	11,844,950	10,036,000
	1,809,150	9,135,104	11,844,950	10,036,000
Construction contracts				
– Due from customers (Note 6)	14,998,316	16,591,574	–	–
– Retentions (Note 6)	1,795,959	2,134,511	–	–
	16,794,275	18,726,085	–	–
Non-trade receivables				
– Subsidiary corporations	–	–	725,542	729,115
– Joint venture	1,605	6,420	–	–
– Non-related parties	101,804	105,154	–	3,944
	103,409	111,574	725,542	733,059
Less: Allowance for impairment of receivables (Note 31(ii)(b))	–	–	(687,863)	(687,863)
Non-trade receivables – net	103,409	111,574	37,679	45,196
Loan to joint venture	3,851,866	–	–	–
Advance to supplier	72,000	386,000	–	–
Deposits	1,161,865	955,657	6,531	6,530
Prepayments	692,928	887,418	24,697	19,138
	24,485,493	30,201,838	11,913,857	10,106,864

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

The loan to joint venture is unsecured and interest-free, for the purposes of its operating and development activities. The loan has remaining maturity period of 1 year (2016: 2 years). The loan was initially recognised at fair value. The differences between the fair value and the absolute loans' amount represent capital contribution to the joint venture. The comparative amount was repayable 12 months after the prior year's balance sheet date which was presented as non-current assets (Note 11).

6 CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group	
	2017	2016
	$	$
<u>Construction contract work-in-progress</u>		
Beginning of financial year	1,502,185	4,238,029
Contract costs incurred	95,567,746	86,443,305
Contract expenses recognised in profit or loss	(95,599,736)	(89,179,149)
End of financial year	1,470,195	1,502,185
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	149,732,372	158,644,794
Less: Progress billings	(134,734,056)	(142,053,220)
	14,998,316	16,591,574
Presented as:		
Due from customers on construction contracts (Note 5)	14,998,316	16,591,574
Advances received on construction contracts (Note 15)	262,853	1,839,968
Retentions on construction contracts (Note 5)	1,795,959	2,134,511

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2017	2016
	$	$
Equity investments at cost		
Beginning and end of financial year	17,632,234	17,632,234
Allowance for impairment		
Beginning and end of financial year	(110,000)	(110,000)
Loan to a subsidiary corporation		
Beginning of financial year	–	–
Notional fair value of loan, representing additional capital contribution [a]	1,696,539	–
End of financial year	1,696,539	–
	19,218,773	17,522,234

[a] 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 are as follows:

	Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group 2017	2016
	Held by the Company				
#	Or Kim Peow Contractors (Private) Ltd	Business of road and building construction and maintenance	Singapore	100%	100%
#	Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	100%
#*	OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	100%
#*	OKP Investments (Singapore) Pte Ltd	Investment holding	Singapore	100%	100%
#*	OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
#*	United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	100%	100%
#	OKP Land Pte Ltd	Investment holding and property development	Singapore	100%	100%
#*	OKP Transport & Trading Pte Ltd	Provision of transport and logistics services	Singapore	100%	100%

Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International

* Dormant

8 INVESTMENTS IN JOINT VENTURES

	Group	
	2017	2016
	$	$
Interests in joint ventures		
Beginning of financial year	5,604,012	2,987,987
Share of profit of joint venture	1,989,931	2,707,326
Notional fair value of loan (net)	(98,582)	(91,301)
Dividend received	(2,000,000)	–
End of financial year	5,495,361	5,604,012

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	% of ownership interest 2017	% of ownership interest 2016
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%
Forte Builder Pte Ltd [(b) (2)]	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd [(c) (3)]	Property development	Singapore	10%	10%
Unincorporated joint ventures				
Chye Joo-Or Kim Peow JV [(d) (4)]	Business of general construction	Singapore	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 law 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 2017. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of $100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of $50,000 (2016: $50,000) in CS-OKP.

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

(3) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of $1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of $100,000 in LH. The principal activity of LH is to develop a land parcel 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.

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 $
2017				
Revenue	250,926,685	50,688,263	1,627,011	303,241,959
Interest income	300,033	–	31,178	331,211
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
2016				
Revenue	308,541,200	35,465,421	300,000	344,306,621
Interest income	1,056	–	29,164	30,220
Expenses	(276,125,012)	(35,289,594)	(312,271)	(311,726,877)
Includes:				
– Cost of sales	(275,978,666)	(35,288,064)	(280,500)	(311,547,230)
Profit before income tax	32,417,244	175,827	16,893	32,609,964
Income tax expense	(5,788,457)	–	(710)	(5,789,167)
Total comprehensive income	26,628,787	175,827	16,183	26,820,797

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at 31 December

	Lakehomes Pte Ltd $	Chye Joo-Or Kim Peow JV $	Other joint ventures $	Total $
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
2016				
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

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
	$	$	$	$
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	6,024,680
Others	(529,499)	–	–	(529,499)
Carrying value	4,424,127	234,159	837,075	5,495,361
2016				
Net assets				
Beginning of financial year	6,812,908	40,550	5,555,666	12,409,124
Total comprehensive income	26,628,787	175,827	16,183	26,820,797
Change in contributed capital reserve	(1,837,469)	–	–	(1,837,469)
End of financial year	31,604,226	216,377	5,571,849	37,392,452
Interest in joint venture (10%; 50%; 50%)	3,160,423	108,189	2,785,924	6,054,536
Cumulative fair value of loan	98,582	–	–	98,582
Others	(549,106)	–	–	(549,106)
Carrying value	2,709,899	108,189	2,785,924	5,604,012

9 INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2017	Group 2016
	$	$
Interests in associated companies		
Beginning of financial year	973,194	650,390
Notional fair value of loan, representing additional capital contribution [(a)]	1,671,746	–
Share of profit of associated companies	529,554	322,804
End of financial year	3,174,494	973,194

(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 2017, 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 2017	Equity holding 2016
Held by subsidiary corporations				
CS Amber Development Pte Ltd [a] [1]	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd [b] [2]	General contractors	Singapore	25%	25%

[a] Audited by Heng Lee Seng LLP

[b] Audited by Nexia TS Public Accounting Corporation, a member firm of Nexia International

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

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

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

On 27 April 2016, OKPC together with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd and Hwa Seng Builder Pte Ltd issued a corporate guarantee to a financial institution for borrowings of USB in a ratio of 25:25:25:25 for a banking facility up to $200,000 to partially finance the purchase of new construction related equipment.

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

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 $	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
Expenses	(128,894,587)	(48,994,391)	(177,888,978)
Includes:			
– Cost of sales	(126,041,340)	(48,698,123)	(174,739,463)
– Depreciation	–	(152,534)	(152,534)
– 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
2016			
Revenue	15,650,007	36,708,308	52,358,315
Interest income	–	18,817	18,817
Expenses	(16,340,602)	(35,434,560)	(51,775,162)
Includes:			
– Cost of sales	(16,076,432)	(35,139,490)	(51,215,922)
– Depreciation	–	(144,126)	(144,126)
– Interest expense	–	(13,465)	(13,465)
(Loss)/Profit before income tax	(690,595)	1,370,455	679,860
Income tax expense	–	(79,242)	(79,242)
Total comprehensive (loss)/income	(690,595)	1,291,213	600,618

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised balance sheet as at 31 December

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
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)
2016			
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	245,553,886	–	245,553,886
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 $	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
2016			
Net (liabilities)/assets			
Beginning of financial year	(15,513,139)	2,371,305	(13,141,834)
Total comprehensive (loss)/income	(690,595)	1,291,213	600,618
End of financial year	(16,203,734)	3,662,518	(12,541,216)
Interest in associated companies (10%; 25%)	–	915,630	915,630
Goodwill	–	57,564	57,564
Carrying value of Group's interest in associated companies at end of financial year	–	973,194	973,194

The Group has not recognised its share of profit of an associated company, CS Amber Development Pte Ltd amounting to $328,889 (2016: $69,060) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised loss with respect to this entity is $201,289 (2016: $530,178) at the balance sheet date.

10 INVESTMENT PROPERTIES

	Group 2017 $	Group 2016 $
Beginning of financial year	5,080,000	5,250,000
Additions	2,269,830	–
Net fair value loss recognised in profit or loss (Note 23)	(150,000)	(170,000)
End of financial year	7,199,830	5,080,000

The following amounts are recognised in profit or loss:

	2017 $	2016 $
Rental income (Note 23)	236,121	188,855
Direct operating expenses arising from investment properties that generate rental income	(69,679)	(37,332)

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

Location	Description	Existing use	Tenure	Fair value 2017 $	Fair value 2016 $
No. 190 Moulmein Road, #10-03 The Huntington Singapore 308095 [a]	Apartment unit	Residential	Freehold	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	1,760,000
No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623 [a]	Office unit	Office unit	Freehold	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	2,269,830	–

(a) The investment properties are leased to non-related parties under non-cancellable operating leases.

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 2017			
Residential	–	1,650,000	–
Office units	–	3,280,000	–
Workshop, office unit, dormitory	–	2,269,830	–
31 December 2016			
Residential	–	1,650,000	–
Office units	–	3,430,000	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties 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 external, independent and qualified 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 HBA Group Property Consultants Pte Ltd (2016: Savills Valuation and Professional Services (S) Pte Ltd).

11 OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Loan to associated company [(a)]	18,008,744	19,680,490	–	–
Less : Allowance for impairment (Note 31(ii)(b))	(1,408,000)	(1,408,000)	–	–
	16,600,744	18,272,490	–	–
Loan to subsidiary corporation [(b)]	–	–	16,846,939	18,193,878
Loan to joint venture (Note 5)	–	5,753,284	–	–
	16,600,744	24,025,774	16,846,939	18,193,878

11 OTHER RECEIVABLES – NON-CURRENT (CONT'D)

(a) The loan to associated company is unsecured, interest-bearing and will be repayable in full on 26 June 2018. The Group charged interest at 2.0% per annum above SIBOR since the first drawdown date on 27 June 2012. With effect from 1 March 2015, the shareholders of the associated company have mutually agreed to cease charging interest on the loan.

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).

(b) The loan to subsidiary corporation is unsecured and interest-free advances for the purpose of its operating and development activities. 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 subsidiary corporation and is recorded as part of investments in subsidiary corporations (Note 7).

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		Company		Borrowing rate	
	2017	2016	2017	2016	2017	2016
	$	$	$	$	%	%
Loan to associated company	15,874,771	17,759,146	–	–	1.50	1.44
Loan to joint venture	–	5,591,652	–	–	–	1.44
Loan to subsidiary corporation	–	–	16,910,200	17,682,742	1.50	1.44

12 FINANCIAL ASSETS, AVAILABLE-FOR-SALE – NON-CURRENT

	Group	
	2017	2016
	$	$
Beginning of financial year	1,015,305	990,445
Fair value gain recognised in other comprehensive income (Note 19(b)(i))	5,140	24,860
Disposal	(1,020,445)	–
End of financial year	–	1,015,305

Financial assets, available-for-sale is analysed as follows:

	Group	
	2017	2016
	$	$
Listed debt securities		
– Bonds with fixed interest of 5.125% without fixed maturity – Singapore	–	1,015,305

13 PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold property	Freehold land	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Signboard	Total
	$	$	$	$	$	$	$	$	$	$
<u>Group</u>										
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 24)	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
2016										
Cost										
Beginning of financial year	3,404,068	3,680,257	2,111,614	24,861,112	11,607,903	508,699	887,691	–	10,450	47,071,794
Additions	–	–	–	2,167,748	1,901,090	–	–	23,305	–	4,092,143
Disposals	–	–	–	(32,000)	(683,002)	–	–	–	–	(715,002)
Written off	–	–	–	(925,132)	–	–	–	–	–	(925,132)
End 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
Accumulated depreciation										
Beginning of financial year	270,989	1,472,102	–	17,231,318	8,795,566	392,067	698,148	–	6,270	28,866,460
Depreciation charge (Note 24)	68,081	245,351	–	1,580,550	646,468	99,091	175,249	4,661	1,045	2,820,496
Disposals	–	–	–	(28,800)	(638,286)	–	–	–	–	(667,086)
Written off	–	–	–	(913,292)	–	–	–	–	–	(913,292)
End 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
Net book value at end of financial year	3,064,998	1,962,804	2,111,614	8,201,952	4,022,243	17,541	14,294	18,644	3,135	19,417,225

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor vehicles $	Building $	Freehold land $	Office equipment $	Furniture and fittings $	Renovation $	Total $
Company							
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
2016							
Cost							
Beginning of financial year	148,988	3,404,067	2,111,614	388,519	883,858	–	6,937,046
Additions	–	–	–	–	–	23,305	23,305
End of financial year	148,988	3,404,067	2,111,614	388,519	883,858	23,305	6,960,351
Accumulated depreciation							
Beginning of financial year	148,988	270,988	–	309,200	696,360	–	1,425,536
Depreciation charge	–	68,081	–	75,852	174,866	4,661	323,460
End of financial year	148,988	339,069	–	385,052	871,226	4,661	1,748,996
Net book value at end of financial year	–	3,064,998	2,111,614	3,467	12,632	18,644	5,211,355

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 2017 $	Net book value 2016 $
30 Tagore Lane, Singapore 787484	Freehold	Office use	10,742	5,108,531	5,176,162
2A Sungei Kadut Drive, Singapore 729554	Leasehold	Fabrication yard/ workshop/office	55,865	1,717,454	1,962,804

(ii) Included within additions in the consolidated financial statements are plant and machinery, and motor vehicles acquired under finance leases amounting to $526,500 (2016: $1,064,445) and Nil (2016: $1,041,194) respectively.

The carrying amounts of plant and machinery, and motor vehicles held under finance leases are $3,345,111 (2016: $3,787,523) and $1,484,017 (2016: $1,737,269) respectively at the balance sheet date.

14 INTANGIBLE ASSETS

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Composition:				
Goodwill arising on consolidation (Note a)	1,687,551	1,687,551	–	–
Computer software licences (Note b)	49,641	24,584	6,403	9,600
	1,737,192	1,712,135	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 2017 $	Group 2016 $
Cost/Net book value		
Beginning and end of financial year	1,687,551	1,687,551

14 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation (cont'd)

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to business segments.

A segment-level summary of the goodwill allocation is as follows:

	Group	
	2017	**2016**
	$	**$**
Construction	1,485,045	1,485,045
Maintenance	202,506	202,506
	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**
2017		
Gross margin	8% – 15%	8% – 15%
Growth rate	3%	3%
Discount rate	9.6%	9.6%
2016		
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.

14 INTANGIBLE ASSETS (CONT'D)

(b) Computer software licences

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Cost				
Beginning of financial year	387,276	368,546	55,046	55,046
Additions	40,000	18,730	–	–
End of financial year	427,276	387,276	55,046	55,046
Accumulated amortisation				
Beginning of financial year	362,692	285,237	45,446	34,437
Amortisation charge (Note 24)	14,943	77,455	3,197	11,009
End of financial year	377,635	362,692	48,643	45,446
Net book value	49,641	24,584	6,403	9,600

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables				
– Non-related parties	22,632,000	25,849,117	97,993	141,476
Non-trade payables				
– Subsidiary corporations	–	–	5,341,625	5,347,137
– Joint venture	50,000	50,000	–	–
– Non-related parties	207,032	139,906	–	–
	257,032	189,906	5,341,625	5,347,137
Construction contracts				
– Advances received (Note 6)	262,853	1,839,968	–	–
Accrued operating expenses	14,930,470	15,861,009	2,706,231	2,925,021
	38,082,355	43,740,000	8,145,849	8,413,634

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

Included in the Group's accrued operating expenses is an amount of $2,212,654 (2016: Nil) being additional cost arising from a construction project at the Tampines Expressway exit to Pan-Island Expressway.

16 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 2017 $	Group 2016 $
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

The present values of finance lease liabilities are analysed as follows:

	Group 2017 $	Group 2016 $
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

The exposure of the finance leases of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group 2017 $	Group 2016 $
6 months or less	575,159	579,779
6 – 12 months	491,832	540,022
1 – 5 years	1,414,151	2,027,767
	2,481,142	3,147,568

The fair values of the non-current finance lease liabilites approximate their carrying amounts.

Security granted

Finance lease liabilities of the Group are effectively secured over the leased plant and machinery, and motor vehicles (Note 13), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities. The finance lease liabilities are also secured by the Company's corporate guarantee (Note 34(i)).

Reconciliation of liabilities arising from financing activities

	1 January 2017 $	Principal and interest payments $	Other changes: New finance lease $	Other changes: Interest expense $	31 December 2017 $
Finance lease liabilities	3,147,568	(1,269,234)	526,500	76,308	2,481,142

17 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	
	2017	2016	2017	2016
	$	$	$	$
Deferred income tax liabilities				
– to be settled within one year	193,027	211,849	1,418	2,314
– to be settled after one year	897,737	740,875	1,554	2,583
	1,090,764	952,724	2,972	4,897

Movement in deferred income tax account is as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Beginning of financial year	952,724	630,802	4,897	48,862
Tax charge/(credit) to profit or loss (Note 27)	138,040	23,227	(1,925)	(43,965)
Under provision in prior financial years (Note 27)	–	298,695	–	–
End of financial year	1,090,764	952,724	2,972	4,897

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
	$	$	$
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
2016			
Beginning of financial year	619,131	11,671	630,802
Tax charge to profit or loss	321,922	–	321,922
End of financial year	941,053	11,671	952,724

17 DEFERRED INCOME TAXES (CONT'D)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $
2017	
Beginning of financial year	4,897
Tax credit to profit or loss	(1,925)
End of financial year	2,972
2016	
Beginning of financial year	48,862
Tax credit to profit or loss	(43,965)
End of financial year	4,897

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 $70,930 (2016: $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.

18 SHARE CAPITAL

	No. of ordinary shares	Amount $
Group and Company		
2017		
Beginning and end of financial year	308,430,594	36,832,301
2016		
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.

19 OTHER RESERVES

	Group 2017 $	Group 2016 $
(a) Composition:		
Fair value reserve	–	753
Asset revaluation reserve	1,372,330	1,372,330
	1,372,330	1,373,083

(b) Movements:

(i) Fair value reserve

	Group 2017 $	Group 2016 $
Beginning of financial year	753	(24,107)
Financial assets, available-for-sale		
– Fair value gain (Note 12)	5,140	24,860
– Reclassification to profit or loss (Note 23)	(5,893)	–
End of financial year	–	753

(ii) Asset revaluation reserve

	Group 2017 $	Group 2016 $
Beginning and end of financial year	1,372,330	1,372,330

Other reserves are non-distributable.

20 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	
	2017	**2016**
	$	**$**
Beginning of financial year	9,545,665	6,996,744
Net profit	6,862,435	7,175,380
Dividends paid (Note 29)	(4,626,499)	(4,626,459)
End of financial year	11,781,601	9,545,665

21 REVENUE

	Group	
	2017	**2016**
	$	**$**
Revenue from construction	78,448,585	90,492,271
Revenue from maintenance	38,845,339	20,606,351
	117,293,924	111,098,622

22 COST OF WORKS

Included in the cost of works are the following:

	Group	
	2017	**2016**
	$	**$**
Depreciation of property, plant and equipment	2,331,189	2,168,359
Employee compensation costs:		
– Salaries and bonuses	22,057,573	21,460,537
– Employer's contribution to defined contribution plans including Central Provident Fund	4,212,492	4,294,556

23 OTHER INCOME

	Group 2017 $	Group 2016 $
Interest income		
– Bank deposits	753,075	616,191
– Financial assets, available-for-sale	35,945	51,250
	789,020	667,441
Rental income		
– Investment properties (Note 10)	236,121	188,855
– Machinery	–	374
	236,121	189,229
Financial assets, available-for-sale		
– Reclassification from other comprehensive income on disposal (Note 19(b)(i))	5,893	–
– Loss on disposal	(20,445)	–
	(14,552)	–
Fair value loss on investment properties (Note 10)	(150,000)	(170,000)
Net gain on disposal of property, plant and equipment	7,264	41,765
Government grants		
– Building and Construction Authority related grant [a]	68,257	210,729
– Special Employment Credit [b]	33,305	47,448
– Wage Credit Scheme [c]	29,915	80,571
– Temporary Employment Credit [d]	70,422	85,354
– Data Logger Fund [e]	–	5,000
	201,899	429,102
Currency translation (loss)/gain – net	(223,899)	35,617
Technical management consultancy fee	–	1,228,500
Other	36,631	50,022
	882,484	2,471,676

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.

23 OTHER INCOME (CONT'D)

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% (2016: 1%) of wages for their Singaporean and Singapore Permanent Resident ("PR") employees.

e. The Data Logger Fund was a co-funding scheme launched by the Workplace Safety and Health ("WSH") Council to help companies defray the cost of installing data loggers in mobile cranes. The Data Logger Fund for Cranes will cover up to 50% of the cost of installation, capped at $5,000 per mobile crane.

24 EXPENSES BY NATURE

	Group	
	2017	**2016**
	$	**$**
Fees paid/payable to auditor of the Company for:		
– audit services	137,400	135,125
– non-audit services	26,344	28,509
Purchases of materials	15,708,248	13,222,565
Sub-contractors costs	40,084,103	37,612,596
Amortisation of intangible assets (Note 14(b))	14,943	77,455
Allowance for impairment of other receivables (Note 31(ii)(b))	–	758,000
Depreciation of property, plant and equipment (Note 13)	2,796,476	2,820,496
Employees compensation (Note 25)	33,923,782	33,500,015
Professional fees	2,167,975	1,941,658
Property, plant and equipment written off	–	11,840
Property tax and maintenance fee	121,222	113,309
Worksite expenses	2,767,164	2,690,660
Rental expense on operating leases	1,542,950	1,322,203
Upkeep of machineries and equipment	1,603,228	1,659,614
Upkeep of motor vehicles and lorries	993,409	1,027,523
Security fees	449,610	447,633
Other expenses	3,296,310	2,652,435
Total cost of works and administrative expenses	105,633,164	100,021,636

25 EMPLOYEES COMPENSATION

	Group	
	2017	**2016**
	$	**$**
Salaries and bonuses	29,387,218	28,885,626
Employer's contribution to defined contribution plans including Central Provident Fund	4,536,564	4,614,389
	33,923,782	33,500,015

26 FINANCE EXPENSES

	Group 2017 $	Group 2016 $
Interest expense		
– Finance lease liabilities	76,308	72,183

27 INCOME TAXES

(a) Income tax expense

	Group 2017 $	Group 2016 $
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax – Singapore	2,062,450	1,911,000
– Deferred income tax (Note 17)	138,040	23,227
	2,200,490	1,934,227
Under/(Over) provision of income tax in prior financial years:		
– Current income tax – Singapore	70,258	(64,382)
– Deferred income tax (Note 17)	–	298,695
	2,270,748	2,168,540

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 2017 $	Group 2016 $
Profit before income tax	14,986,421	16,506,609
Share of profit of joint ventures, net of tax	(1,989,931)	(2,707,326)
Share of profit of associated companies, net of tax	(529,554)	(322,804)
Profit before income tax and share of results of associated companies and joint ventures	12,466,936	13,476,479
Tax calculated at a tax rate of 17% (2016: 17%)	2,119,379	2,291,001
Effects of:		
– Tax incentives	(603,218)	(622,133)
– Income not subject to tax	(25,026)	(75,736)
– Expenses not deductible for tax purposes	608,687	346,393
– Others	100,668	(5,298)
Tax charge	2,200,490	1,934,227

27 INCOME TAXES (CONT'D)

(b) Movement in current income tax liabilities

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Beginning of financial year	1,953,336	549,340	18,851	65,445
Income tax paid	(1,926,817)	(442,622)	–	(48,594)
Tax expense	2,062,450	1,911,000	31,000	2,000
Under/(Over) provision in prior financial years	70,258	(64,382)	(16,851)	–
End of financial year	2,159,227	1,953,336	33,000	18,851

28 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	
	2017	2016
Net profit attributable to equity holders of the Company	$12,715,673	$14,338,069
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)	4.12	4.65

Potential ordinary shares are antidilutive 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 antidilutive effect on earnings per share.

29 DIVIDENDS

	Group and Company	
	2017	2016
	$	$
Ordinary dividends paid		
Final one-tier tax exempt dividend paid in respect of the previous financial year of $0.007 (2016: $0.010) per share (Note 20)	2,159,014	3,084,306
Interim one-tier tax exempt dividend in respect of the current financial year of Nil (2016: $0.005) per share (Note 20)	–	1,542,153
Special tax exempt (one-tier) dividend in respect of the previous financial year of $0.008 (2016: Nil) per share (Note 20)	2,467,485	–
	4,626,499	4,626,459

At the coming Annual General Meeting on 26 April 2018, a final tax exempt (one-tier) dividend of $0.007 per share and a special tax exempt (one-tier) dividend of $0.013 per share amounting to a total of approximately $6,168,612 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.

30 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	
	2017	2016
	$	$
Wages and salaries	4,945,456	5,173,915
Employer's contribution to defined contribution plans including Central Provident Fund	117,675	119,895
	5,063,131	5,293,810

Included in the above is total compensation to directors of the Company amounting to $4,365,739 (2016: $4,612,501).

31 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. 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 $	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	40,321,309	–	–	40,321,309
Inter-company balances	15,029,159	–	–	15,029,159
	138,704,480	2,752,554	846	141,457,880
Financial liabilities				
Finance lease liabilities	2,481,142	–	–	2,481,142
Other financial liabilities	38,082,355	–	–	38,082,355
Inter-company balances	15,029,159	–	–	15,029,159
	55,592,656	–	–	55,592,656
Net financial assets	83,111,824	2,752,554	846	85,865,224
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,752,554	846	2,753,400

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Market risk (cont'd)

(a) Currency risk (cont'd)

	SGD $	USD $	Other $	Total $
At 31 December 2016				
Financial assets				
Cash and cash equivalents and financial assets, available-for-sale	72,749,501	2,950,041	982	75,700,524
Trade and other receivables	52,954,194	–	–	52,954,194
Inter-company balances	13,340,838	–	–	13,340,838
	139,044,533	2,950,041	982	141,995,556
Financial liabilities				
Finance lease liabilities	3,147,568	–	–	3,147,568
Other financial liabilities	43,740,000	–	–	43,740,000
Inter-company balances	13,340,838	–	–	13,340,838
	60,228,406	–	–	60,228,406
Net financial assets	78,816,127	2,950,041	982	81,767,150
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,950,041	982	2,951,023

The Company's currency exposure based on the information provided to key management is as follows:

	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

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Market risk (cont'd)

(a) Currency risk (cont'd)

	SGD $	USD $	Total $
At 31 December 2016			
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% (2016: 1%) with all other variables including tax rate being held constant, the effect arising from the net financial asset position of the Group and the Company will be $182,770 (2016: $24,485) and $50,263 (2016: $6,746) 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 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 1.40% per annum (2016: 0.27% to 1.40% per annum). If the interest rates had increased/decreased by 0.5% (2016: 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 $249,221 (2016: $237,891).

(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.

31 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	
	2017	2016
	$	$
Corporate guarantees provided to banks for subsidiary corporations' banking facilities		
– Finance lease (Note 16 and 34)	2,481,142	3,147,568

The trade receivables of the Group comprise 3 debtors (2016: 3 debtors) that individually represented 19 - 50% (2016: 10% - 58%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
<u>By geographical areas</u>				
Singapore	1,809,150	9,135,104	11,844,950	10,036,000
<u>By types of customers</u>				
Non-related parties				
– Government bodies	1,241,295	8,176,041	–	–
– Non-government bodies	567,855	959,063	–	–
Subsidiary corporations	–	–	11,844,950	10,036,000
	1,809,150	9,135,104	11,844,950	10,036,000

(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.

31 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 is as follows:

	Group	
	2017	**2016**
	$	**$**
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	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
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 2016 and 2015.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and cash equivalents and having an adequate amount of committed credit facilities to enable them to meet their normal operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
<u>Group</u>				
At 31 December 2017				
Trade and other payables	38,082,355	–	–	38,082,355
Finance lease liabilities	1,132,339	811,719	694,888	2,638,946
	39,214,694	811,719	694,888	40,721,301
At 31 December 2016				
Trade and other payables	43,740,000	–	–	43,740,000
Finance lease liabilities	1,193,364	950,252	1,218,321	3,361,937
	44,933,364	950,252	1,218,321	47,101,937
<u>Company</u>				
At 31 December 2017				
Trade and other payables	8,145,849	–	–	8,145,849
At 31 December 2016				
Trade and other payables	8,413,634	–	–	8,413,634

31 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.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Net debt				
Borrowings (Note 16)	2,481,142	3,147,568	–	–
Trade and other payables (Note 15)	38,082,355	43,740,000	8,145,849	8,413,634
	40,563,497	46,887,568	8,145,849	8,413,634
Less: Cash and cash equivalents (Note 4)	(86,107,412)	(74,685,219)	(3,546,755)	(3,771,417)
Net debt	N.M.	N.M.	4,599,094	4,642,217
Total capital				
Net debt	N.M.	N.M.	4,599,094	4,642,217
Total equity	122,511,680	114,423,259	48,613,902	46,377,966
Total capital	122,511,680	114,423,259	53,212,996	51,020,183
Gearing ratio	N.M.	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 2016 and 2017.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Fair value measurements

The following table presents assets and liabilites 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 $
<u>Group</u>	
As at 31 December 2017	
Financial assets, available-for-sale	–
As at 31 December 2016	
Financial assets, available-for-sale	1,015,305

(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	
	2017 $	2016 $	2017 $	2016 $
Loans and receivables	126,428,721	127,639,413	32,282,854	32,053,021
Financial liabilities at amortised cost	40,563,497	46,887,568	8,145,849	8,413,634

32 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.

Other service included in Singapore is investment holding, which is not included within the reportable operating segments, as this is not included in the reports provided to the Board of Directors. The result of this operation, if any, is included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

Construction – It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings, airports infrastructure, and oil and gas-related infrastructure for petrochemical plants and oil storage terminals.

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.

	31 December 2017			31 December 2016		
	Construction	Maintenance	Total	Construction	Maintenance	Total
	$	$	$	$	$	$
Group						
Revenue						
Total segment revenue	78,455,225	52,297,342	130,752,567	90,513,472	24,388,387	114,901,859
Inter-segment revenue	(6,640)	(13,452,003)	(13,458,643)	(21,201)	(3,782,036)	(3,803,237)
Revenue from external parties	78,448,585	38,845,339	117,293,924	90,492,271	20,606,351	111,098,622
Gross profit	12,487,956	9,206,232	21,694,188	12,551,646	9,367,827	21,919,473
Other income			882,484			2,471,676
Unallocated costs			(10,033,428)			(10,842,487)
Share of profit of joint venture companies			1,989,931			2,707,326
Share of profit of associated companies			529,554			322,804
			15,062,729			16,578,792
Finance expense			(76,308)			(72,183)
Profit before income tax			14,986,421			16,506,609
Income tax expense			(2,270,748)			(2,168,540)
Net profit			12,715,673			14,338,069
Depreciation	1,900,524	430,665	2,331,189	1,826,318	342,041	2,168,359
Amortisation	9,934	1,812	11,746	66,446	–	66,446
Segment Assets	15,514,326	6,443,322	21,957,648	26,676,630	4,854,101	31,530,731
Segment Liabilities	26,461,330	7,156,341	33,617,671	32,040,120	6,554,490	38,594,610

32 SEGMENT INFORMATION (CONT'D)

Revenue between segments is carried out at market terms. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on gross profit. 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), construction contract work-in-progress, 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), investment properties, investments, financial assets, available-for-sale, and property, plant and equipment.

	2017 $	2016 $
Segment assets for reportable segments	21,957,648	31,530,731
Unallocated:		
– Cash and cash equivalents	86,107,412	74,685,219
– Deposits, prepayments, and other receivables	1,875,358	1,869,407
– Intangible asset (computer software licences)	6,403	9,600
– Loan to associated company and joint ventures	20,454,215	24,032,194
– Investment properties	7,199,830	5,080,000
– Investments	8,669,855	6,577,206
– Financial assets, available-for-sale	–	1,015,305
– Property, plant and equipment	20,054,447	19,417,225
	166,325,168	164,216,887

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 finance lease liabilities.

	2017 $	2016 $
Segment liabilities for reportable segments	33,617,671	38,594,610
Unallocated:		
– Other payables	4,464,684	5,145,390
– Income tax liabilities	2,159,227	1,953,336
– Deferred income tax liabilities	1,090,764	952,724
– Finance lease liabilities	2,481,142	3,147,568
	43,813,488	49,793,628

Revenue of $74,102,923 (2016: $86,829,208) and $38,845,340 (2016: $20,606,351) is derived from a single external customer which is attributable to construction and maintenance segments respectively.

33 COMMITMENTS

(i) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group 2017 $	Group 2016 $
Property, plant and equipment	781,254	97,543

(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 under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group 2017 $	Group 2016 $
Not later than one year	1,487,384	1,747,428
Between one and five years	644,911	1,196,758
Later than five years	120,526	220,272
	2,252,821	3,164,458

(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 5 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 2017 $	Group 2016 $
Not later than one year	335,549	175,935
Between one and five years	298,020	187,087
	633,569	363,022

34 CONTINGENT LIABILITIES

(i) Corporate guarantees

The Company has issued corporate guarantees to banks and financing institutions to secure the subsidiary corporations' (Note 16) and associated company's finance leases (Note 9).

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.

35 SIGNIFICANT EVENTS OCCURRING AFTER BALANCE SHEET DATE

(a) On 29 January 2018, the Company's wholly-owned subsidiary corporation, OKP Land Pte Ltd ("OKPL"), has incorporated a 51%-owned subsidiary corporation, Raffles Prestige Capital Pte Ltd ("RPC"). RPC has been incorporated with an issued and paid-up share capital of $100, comprising 100 ordinary shares, of which OKPL holds 51% and the remaining 49% is held by HSB Holdings Pte Ltd ("HSB"), a non-related party. The principal business activity of RPC is investment holding.

(b) On 31 January 2018, the Group acquired a newly incorporated subsidiary corporation, Bennett WA Investment Pty Ltd ("Bennett WA"), in Australia. Bennett WA has an issued and paid-up share capital of AUD2 (equivalent to $2.06), comprising two ordinary shares which were acquired at AUD1 (equivalent to $1.03) each from the initial subscriber by RPC, a 51%-owned subsidiary corporation of the Group. It is intended for Bennett WA to engage in the business of property investment.

(c) On 21 February 2018, Bennett WA has entered into a sale and purchase agreement to purchase a property at 6-8 Bennett Street, East Perth, Western Australia at the price of AUD43.5 million (equivalent to approximately $44.9 million).

(d) On 21 February 2018, the Company's wholly-owned subsidiary corporation, OKPL, together with Lian Soon Holdings Pte Ltd ("Lian Soon") and HSB Developments Pte Ltd ("HSBD"), has incorporated an associated company, Chong Kuo Development Pte Ltd ("Chong Kuo"). Chong Kuo has been incorporated with an issued and paid-up share capital of $2,000,000, comprising 2,000,000 ordinary shares, of which OKPL holds 450,000 ordinary shares (22.5%), Lian Soon holds 1,100,000 ordinary shares (55.0%) and HSBD holds 450,000 ordinary shares (22.5%). The principal business activity of Chong Kuo is to develop a residential condominium on the land parcel at Chong Kuo Road.

36 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 2018 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments

  FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI ("FVOCI"). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

  There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 37). The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

- FRS 115 Revenue from Contracts with Customers

  FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 37). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 37.

- Amendments to FRS 28: Investments in Associates and Joint Ventures

- Amendments to FRS 40: Transfers of Investment Property

- Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards

- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions

- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers

- INT FRS 122 Foreign Currency Transactions and Advance Consideration

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group is required to adopt a new accounting framework from 1 January 2018 (Note 37). The new accounting framework has similar requirements of FRS 116.

  The Group has elected to apply FRS 116 Leases for the first time in the 2018 financial report (initial application date: 1 January 2018), as permitted under the specific transition provisions in the standard. In accordance with the transition provisions in FRS 116 (C5)(b) the new rules will be adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2018 (i.e. limited retrospective application). Comparatives for the 2017 financial year have therefore not been restated and as a consequence, a third balance sheet is not required in the year of adoption.

- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- INT FRS 123: Uncertainty over Income Tax Treatments
- Amendments to FRS 103: Business Combinations
- Amendments to FRS 111: Joint Arrangements
- Amendments to FRS 12: Income Taxes
- Amendments to FRS 23: Borrowing Costs

Effective date: to be determined*

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

* The 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.

37 ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in May 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 December 2018), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exemptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group's financial statements prepared under SFRS.

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

(i) Classification and measurement

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) equivalent of IFRS 9. As a result of the assessment, management does not expect significant adjustments to the Group's balance sheet line items.

(ii) Impairment of financial assets

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

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

Management does not expect significant provision for impairment for the above financial assets and corresponding decrease in opening retained profits is not expected to arise from the application of the expected credit loss impairment model.

37 ADOPTION OF SFRS(I) (CONT'D)

(c) Adoption of SFRS(I) equivalent of IFRS 15

In accordance with the requirements of IFRS 1, the Group will adopt SFRS(I) equivalent of IFRS 15 retrospectively. The main adjustments are as follows:

(i) Accounting for costs incurred to fulfil a contract

Under SFRS, training costs incurred on staff working specifically on certain contracts to construct specialised equipment are expensed to the profit or loss as they do not qualify for recognition as an asset under any SFRS.

Under SFRS(I) equivalent of IFRS 15, as these costs relate directly to the Group's contracts with customers and are expected to be recovered, they will be capitalised as "contract assets – costs to fulfil a contract".

(ii) Accounting for contracts with multiple performance obligations

Under SFRS, each contract for construction of specialised equipment has been assessed to be one contract with revenue recognised progressively by reference to the stage of completion of the contract activity at the balance sheet date.

The Group has assessed each contract under the requirements of SFRS(I) equivalent of IFRS 15 and concluded that for each of these contracts there are two distinct performance obligations which are satisfied at different timings. This will result in different timings of revenue recognition for each performance obligation under each contract.

(iii) Presentation of contract assets and liabilities

The Group is expected to change the presentation of certain amounts in the balance sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Amounts due from customers arising from construction contracts and construction contract work-in-progress under SFRS will be reclassified to be presented as part of contract assets.
- The expected volume discounts and refunds to customers which have been presented as current provisions under SFRS, will be classified as contract liabilities.
- Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts under SFRS will be reclassified to be presented as part of contract liabilities.

(d) Summary of provisional financial impact

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above are summarised below:

	As at 31 December 2017 reported under SFRS $	(Provisional) As at 1 January 2018 under SFRS(I) $	As at 1 January 2017 reported under SFRS $	(Provisional) As at 1 January 2017 reported under SFRS(I) $
Construction contract work-in-progress	1,470,195	–	1,502,185	–
Trade and other receivables	24,485,493	9,487,177	30,201,838	13,610,264
Contract assets	–	16,468,511	–	18,093,759
Contract liabilities	–	262,853	–	1,839,968
Trade and other payables	38,082,355	37,819,502	43,740,000	41,900,032

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

2 April 2018

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 (the "**2018 AGM**") of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 2 April 2018 in respect of the AGM to be held on Thursday, 26 April 2018 at 10.00 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 24 April 2017. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Sixteenth AGM (2018 AGM) to be held on 26 April 2018.

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.

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 2018 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 2018 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 2018 (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 2018 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) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase.

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-day market 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.

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 2017;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.356 for each Share (being 105% of the Average Closing Price as at 31 December 2017) or via Off-Market Purchases at the Maximum Price of $0.414 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2017);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $10,980,129 for Market Purchases or $12,769,026 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 2017 ("**FY2017**"), 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 2017	**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	1,372	1,372	–	–
Retained profits	84,307	84,307	11,782	11,782
	122,511	122,511	48,614	48,614
Treasury shares	–	(10,980)	–	(10,980)
Shareholders' funds	122,511	111,531	48,614	37,634
Current assets	112,063	101,083	15,461	11,914
Current liabilities	41,309	41,309	8,179	8,179
Cash and cash equivalents	86,107	75,127	3,547	–
Working capital	70,754	59,774	7,282	3,735
Total borrowings[(1)]	2,481	2,481	–	–
Net tangible assets[(2)]	120,774	109,794	48,607	37,627
Net profit after tax attributable to shareholders	12,716	12,716	6,862	6,862
Number of Shares ('000)	308,431	277,588	308,431	277,588
Financial Ratios				
Net tangible assets per Share (cents)	39.16	39.55	15.76	13.55
Earnings per Share[(3)] (cents)	4.12	4.58	2.22	2.47
Gearing ratio[(4)] (times)	0.02	0.02	–	–
Current ratio[(5)] (times)	2.71	2.45	1.89	1.46

Notes:–

(1) Total borrowings relate to finance leases.

(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.

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 2017	**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	1,372	1,372	–	–
Retained profits	84,307	84,307	11,782	11,782
	122,511	122,511	48,614	48,614
Treasury shares	–	(12,769)	–	(12,769)
Shareholders' funds	122,511	109,742	48,614	35,845
Current assets	112,063	99,294	15,461	11,914
Current liabilities	41,309	41,309	8,179	8,179
Cash and cash equivalents	86,107	73,338	3,547	–
Working capital	70,754	57,985	7,282	3,735
Total borrowings[(1)]	2,481	2,481	–	–
Net tangible assets[(2)]	120,774	108,005	48,607	35,838
Net profit after tax attributable to shareholders	12,716	12,716	6,862	6,862
Number of Shares ('000)	308,431	277,588	308,431	277,588
Financial Ratios				
Net tangible assets per Share (cents)	39.16	38.91	15.76	12.91
Earnings per Share[(3)] (cents)	4.12	4.58	2.22	2.47
Gearing ratio[(4)] (times)	0.02	0.02	–	–
Current ratio[(5)] (times)	2.71	2.40	1.89	1.46

Notes:–

(1) Total borrowings relate to finance leases.

(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 FY2017 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.

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) <u>Persons Acting in Concert</u>

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) <u>Effect of Rule 14 and Appendix 2 of the Take-over Code</u>

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.

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 2018 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 2018 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2017; 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 2018

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 2018)

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	328	11.10	3,283	0.00
100 – 1,000	99	3.35	67,242	0.02
1,001 – 10,000	1,069	36.16	6,502,768	2.11
10,001 – 1,000,000	1,447	48.95	69,049,963	22.39
1,000,001 and above	13	0.44	232,807,338	75.48
Total	**2,956**	**100.00**	**308,430,594**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 7 March 2018)

	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.

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 7 MARCH 2018

TWENTY LARGEST SHAREHOLDERS

(As at 7 March 2018)

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	26,807,400	8.69
4	Raffles Nominees (Pte) Limited	3,969,300	1.29
5	DBS Nominees (Private) Limited	3,807,868	1.23
6	Oh Kim Poy	1,909,500	0.62
7	Lim Bee Kim	1,661,500	0.54
8	United Overseas Bank Nominees (Private) Limited	1,602,610	0.52
9	Maybank Kim Eng Securities Pte. Ltd.	1,432,300	0.46
10	Park Soo Kyung	1,335,100	0.43
11	Nah Wee Kee (Lan WeiQi)	1,327,400	0.43
12	ABN AMRO Clearing Bank N.V.	1,199,900	0.39
13	Or Lay Tin	1,062,550	0.34
14	OCBC Securities Private Limited	972,046	0.32
15	OCBC Nominees Singapore Private Limited	949,218	0.31
16	Phillip Securities Pte Ltd	841,447	0.27
17	Chua Kim Tiong	757,500	0.25
18	Or Kim Peow	757,000	0.25
19	Thomwin	721,500	0.23
20	Tan Yong Hoo	600,000	0.19
	Total	**238,406,049**	**77.29**

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

Based on the information provided to the Company as at 7 March 2018, 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 Sixteenth Annual General Meeting (the "**AGM**") of OKP HOLDINGS LIMITED (the "**Company**") will be held at 30 Tagore Lane, Singapore 787484 on Thursday, 26 April 2018 at 10.00 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 2017 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 (2016: $0.007) per ordinary share and a special one-tier tax exempt dividend of $0.013 (2016: $0.008) per ordinary share for the financial year ended 31 December 2017.

Resolution 3
3. To re-elect Mr Or Toh Wat who is retiring by rotation pursuant to Article 107 of the Company's Articles of Association (the "**Articles**") and who, being eligible, offers himself for re-election as a Director.

Resolution 4
4. To re-elect Mdm Ang Beng Tin who is retiring by rotation pursuant to Article 107 of the Articles and who, being eligible, offers herself for re-election as a Director.

Resolution 5
5. To re-elect Mr Nirumalan s/o V Kanapathi Pillai who is retiring by rotation pursuant to Article 107 of the Articles and who, being eligible, offers himself for re-election as a Director.

   Mr Nirumalan s/o V Kanapathi Pillai 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 (2016: $180,000) for the financial year ended 31 December 2017.

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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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)]

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 BOCK HUI
Company Secretary
Singapore
2 April 2018

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.

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 48 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.

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 Thursday, 26 April 2018 at 10.00 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 2017		
2.	Payment of final and special dividends		
3.	Re-election of Mr Or Toh Wat as a Director		
4.	Re-election of Mdm Ang Beng Tin as a Director		
5.	Re-election of Mr Nirumalan s/o V Kanapathi Pillai as a Director		
6.	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 ______________ 2018

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 48 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 2 April 2018.

NOTES

NOTES

OKP HOLDINGS LIMITED
UEN: 200201165G

30 Tagore Lane
Singapore 787484
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