



**GROWING
WITH PURPOSE
REALISING
OUR VISION**

CONTENTS

1 OUR THEME

OUR STRATEGY

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

- 2 Our Vision and Mission
- 3 Our Strategy and Guiding Principles
- 4 Our Chairman's Statement
- 8 Our Group Managing Director's Review
- 12 Our Future Outlook
- 14 Five-Year Financial Highlights

OUR BUSINESS

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

- 18 Our Corporate Profile
- 20 Our Milestones
- 26 Our Awards and Accolades
- 29 Our Organisation Chart
- 30 Our Board of Directors
- 33 Our Key Management
- 34 Our Group Structure
- 35 Our Corporate Information

OUR OPERATING AND FINANCIAL REVIEW

A management discussion and analysis on our operating and financial performance

- 38 Our Operating and Financial Review
- 52 Corporate Liquidity and Cash Resources
- 55 Value Added Statement
- 56 Our Property Portfolio

GOVERNANCE AND SUSTAINABILITY

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

- 62 Sustainability Report
- 76 Our People
- 81 Corporate Social Responsibility
- 83 Safety and Environmental Awareness
- 89 Our Customers
- 91 Investor Relations
- 97 Corporate Governance Report
- 120 Audit Committee Report
- 122 Risk Assessment and Management

FINANCIAL CONTENTS

OUR THEME



For this year's annual report, we feature on the cover a forest of tall trees reaching upward toward a bright blue sky.

The inside divider pages depict three types of tall trees, namely the giant sequoias, the fastest-growing empress trees and the magnificent mixed forests.

This overall imagery fittingly symbolises OKP Holdings Limited's (OKP) theme for this year's annual report – Growing with Purpose Realising our Vision.

It is symbolic of how the Group has been looking upward amidst the challenging business environment and reaching purposefully forward to fulfil its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

It takes many years for trees to grow tall, strong and hardy amidst the raging storms, wild fires and turbulent climate changes. Yet, they manage to thrive because of the trees' strong foundations as their roots secure themselves to the soil and spread underground.

This imagery can be applied to OKP as it has strengthened its foundation through the many decades since it started as a sole-proprietorship in 1966 to grow to be a listed company today. By laying a solid foundation through hard

work, good business acumen and effective leadership, it has since acquired a well-earned reputation as a specialist transport infrastructure and civil engineering company in Singapore.

With the Covid-19 pandemic raging worldwide over the past two years, Singapore and the entire world have been severely impacted by its many disruptive ways. These interruptions included nation-wide lockdowns, business closures, restricted personal movement and threats to personal health and safety.

ATTAINING OKP'S MISSION

In the construction sector where the Group operates, the coronavirus pandemic has triggered many disruptions such as a standstill in work at the construction sites, need to maintain safety check and contact-tracing measures at all our premises and delays in projects and delivery of construction materials. Thus, it has been a rather difficult year for OKP, as it seeks to rise above the challenges and attain its mission to be the first and preferred civil engineering contractor for the various industries here and overseas.

Our company has been through both tough and good times as part and parcel of the normal business cycle. But we have been able to overcome the headwinds and retain our position as a respected specialist in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. To diversify our revenue streams as a long-term strategy, the Group has also added property developments and investments as part of its business.

Through more than 50 years of business, we have grown purposefully to establish OKP as a specialist in transport infrastructure and civil engineering projects. With our focus on our strategic goals, we can reach greater heights through our many advantages. These include our wide expertise, strong leadership team and skilled workforce, which had and will continue to help our company to prevail through crises in order to be prosperous during better times.

As we look forward to the year ahead, we seek to grow with purpose to realise our vision by developing sustainable strategies; prevailing over difficulties by strengthening a professional and united team; and supporting our clients and partners to achieve mutual benefits and success together. Despite the worldwide uncertainties caused by the pandemic, we feel confident that our business will be sustainable and viable. Like the tall trees depicted on our cover, we will reach upward and move forward to achieve business success and yet, with our foundation solidly built on the ground.

An aerial photograph of a dense, lush green forest, likely a coniferous forest, filling the entire background of the page. The trees are tall and closely packed, creating a rich, textured canopy of various shades of green.

OUR VISION

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

OUR MISSION

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

OUR STRATEGY

STAYING FOCUSED ON CORE COMPETENCIES

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

EXPLORING OVERSEAS OPPORTUNITIES

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

DIVERSIFYING EARNINGS THROUGH PROPERTY DEVELOPMENTS AND INVESTMENTS

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

OUR GUIDING PRINCIPLES

TO OUR CLIENTS

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 STRATEGY

OUR CHAIRMAN'S STATEMENT

Dear Shareholders

The year under review had been a challenging period due mainly to the Covid-19 pandemic raging all over the world. With global lockdowns, work stoppage and restricted people movement during the past two years, many businesses have been adversely affected while still enduring economic uncertainties and political unrest.

However, there is some light at the end of the tunnel with the development of vaccines and the roll-out of national vaccination programmes in many countries to curb the spread of Covid-19. Consequently, many countries including Singapore are reopening their economies. Currently, the thinking in many circles is to live with the Covid-19. This is Singapore's approach as it reached 80 per cent vaccination rate in August 2021. The government has urged residents and businesses to live with the virus by keeping up with safety measures and restrictions.

Under this scenario, Singapore is fortunate to recover slightly as its economy grew by 7.6 per cent in 2021, according to the Ministry of Trade and Industry's (MTI) announcement on 17 February 2022. This was a turnaround from the 4.1 per cent contraction registered in 2020.

For the construction industry, its activities have been severely affected with all non-essential workplaces ceasing activity from 7 April 2020. Work at project sites only resumed in mid-2021 with the implementation of the nationwide vaccination programme. With the resumption of construction activities, the preliminary

total construction demand for 2021 jumped by 42 percent to about \$30 billion compared to the preceding year. This increase was largely driven by public housing and infrastructure projects as well as an improvement in investment sentiments.

Amidst the uncertainties faced in the Singapore economy, OKP Holdings Limited (OKP) stays confident that it can prevail over these hardships and grow with purpose to realise its vision. Our vision is for the Group to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

Our strategy, is to focus on our core abilities, explore overseas business opportunities, and diversify earnings through property developments and other investments.

We see ourselves as a progressive and agile company by forming strategic joint ventures to develop properties, bidding for complex projects, and acquiring properties in Singapore and overseas. Our joint ventures to develop properties have yielded results. Together with our partners, we have completed two residential projects, Amber Skye and LakeLife, in 2017. In addition, the Group and a joint partner had won the tender in February 2018 to acquire a land parcel at Chong Kuo Road, Singapore. The land has been developed into an 84-unit condominium named The Essence, which is now fully sold.

As part of our strategy to explore overseas business opportunities and diversify OKP's earnings, the Group,

jointly with HSB Holdings Pte. Ltd., purchased its first overseas property in Perth, Australia in April 2018. This freehold office complex is fully tenanted as at 31 December 2021.

Since its founding, the Group has grown considerably with its staff strength growing from 10 employees in 1967 to 409 in 2002 and 812 today.

In prevailing over various difficulties while undergoing the ups and downs of the business cycle, we have grown to become a well-known business in the transport infrastructure and civil engineering industry in Singapore and the region. The Group continues to be inspired by its mission – to be the first and preferred civil engineering contractor for the various industries, here and overseas. Through the years, OKP's reputation has grown due to its good track record, vast expertise, reliable management team, and professional and able staff in civil engineering projects.

The Group considers sustainability issues in the formulation of its strategies. We believe that sustainability means operating our business in a way that is not only profitable but also makes a positive impact on our stakeholders and the environment. We believe this strategic approach leads to greater effectiveness and good business performance. Since 2010, OKP has published a sustainability report and for the seventh year running, is presenting a sustainability report based on the Stock Exchange (SGX) Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

PERFORMANCE REVIEW

The year under review was unpredictable due to the frequently varying measures caused by the Covid-19 pandemic.

Our Group registered revenue of \$90.0 million during the financial year ended 31 December 2021 (FY2021), a jump of 29.3 per cent compared to \$69.6 million for FY2020. The increase was due mainly to a 22.8 per cent rise in revenue from the construction segment to \$56.5 million, a 53.1 per cent growth in revenue from the maintenance segment to \$26.4 million, and an 11.9 per cent increase in rental income to \$7.1 million.

The revenue from both the construction and maintenance segments increased largely because construction activities only resumed in mid-2021. In addition, there was a higher percentage of revenue recognised from a number of existing and newly awarded construction and maintenance projects during FY2021.

The increase in rental income generated from investment properties was attributed largely to rental income from the property at 6-8 Bennett Street, East Perth, Western Australia, and from the newly acquired investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road during FY2021.

The chief contributor to the Group's revenue continued to be the construction segment, which accounted for 62.8 per cent (FY2020: 66.2 per cent) of total revenue for the financial year. The maintenance segment accounted for 29.3 per cent (FY2020: 24.7 per cent) while rental income accounted for 7.9 per cent (FY2020: 9.1 per cent) of our total revenue.

Gross profit decreased by 7.9 per cent to \$6.8 million in FY2021 compared to \$7.4 million a year ago. The rental income segment showed a rise in contribution to gross profit of \$0.4 million to \$4.7 million. However, there was a dip of \$1.0 million in the gross profit of both the construction and maintenance segments, to \$2.0 million in FY2021.

The gross profit margin for the construction and maintenance segments went down from 4.8 per cent for FY2020 to 2.5 per cent for FY2021. This was due mainly to lower profit margins for new and some current construction and maintenance projects as a result of the increase in overheads, prices of materials and rising manpower costs. Overall, the negative impact from the Covid-19 on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2021.

Gross profit margin for rental income segment was at 67.0 per cent in FY2021 compared to 68.6 per cent in FY2020.

Other gains decreased by 27.7 per cent to \$7.7 million for FY2021 from \$10.7 million a year ago. The dip was due largely to a drop in receipt of payouts and rebates from the government by \$4.6 million, which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by Covid-19; plus the one-off reversal of impairment allowance made

of \$1.2 million following the completion of the disposal of a former associated company, CS Amber Development Pte Ltd in FY2020, which did not recur in FY2021.

In addition, there was a dip in interest income received of \$0.4 million due to lower interest income earned from bank deposits; plus a decrease in the gain on foreign exchange of \$1.8 million arising from the revaluation of assets denominated in Australian dollar to Singapore dollar.

However, this decrease was partially offset by a rise in net fair value gain of \$5.0 million resulting from a fair value loss of \$0.7 million in FY2020 to a fair value gain of \$4.3 million in FY2021, arising from the revaluation of some of the investment properties, during FY2021.

Administrative expenses decreased by 23.2 per cent to \$9.3 million for FY2021, a dip from \$12.1 million for FY2020. The decrease was largely due to the drop in legal fees incurred for a court trial, which had concluded during FY2021, partially offset by an increase in salary costs in FY2021.



We see ourselves as a progressive and agile company by forming strategic joint ventures to develop properties, bidding for complex projects, and acquiring properties in Singapore and overseas.



OUR STRATEGY

OUR CHAIRMAN'S STATEMENT

The Group's balance sheet stayed strong. With a healthy cash position of \$45.8 million as at 31 December 2021, net tangible assets amounted to \$123.5 million, up from \$121.4 million a year ago. This was equivalent to net tangible assets per share of 40.25 Singapore cents, compared to 39.56 Singapore cents per share in the previous year.

To reward shareholders for their support, the Board of Directors has proposed a final cash dividend of \$0.007 per share. The proposed dividend represents a dividend yield of 3.6 per cent, based on OKP's closing share price of 0.195 cents on 31 December 2021.

BUILDING OUR STRENGTHS AND RESILIENCE

The Group's hard efforts and vast skills have been well recognised in the industry as it has won numerous awards for its work through the years.

During the past financial year, OKP won four new projects - three construction projects and one maintenance project. The Group completed two maintenance projects, which were handed over to the clients. We continued the execution of 11 ongoing construction projects and six maintenance projects, which have been secured since February 2015.

Currently, our net order book stays healthy at \$329.2 million, with projects extending till 2025.

LOOKING CONFIDENTLY TOWARDS THE FUTURE

Due to the Covid-19 pandemic, the Singapore construction industry faced many challenges. However, with the resumption of construction activities in mid-2021, there is some positive news from a pipeline of construction projects.

The Building and Construction Authority (BCA) gave some encouraging projections for the industry. Its announcement on 26 January 2022 stated that the value of construction contracts to be awarded in 2022 will be between \$27 billion and \$32 billion, compared to between \$23.0 billion and \$28.0 billion a year ago.

The public sector is expected to contribute between \$16 billion and \$19 billion, which is about 60 per cent of the total construction demand. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

For the private sector, construction demand is expected to reach between \$11 billion and \$13 billion in 2022, comparable with the volume in 2021. Given the latest property cooling measures, residential building demand is anticipated to moderate year-on-year amid more cautious

market sentiments. However, commercial building demand is expected to rise as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, and older commercial premises are earmarked for redevelopment to enhance their asset values. In addition, the private sector industrial building demand is expected to see some support from the construction of energy storage facilities and biopharmaceutical manufacturing plants.

Looking ahead over the medium term, BCA expects the total construction demand to reach between \$25 billion and \$32 billion per year from 2023 to 2026.

The public sector, will contribute \$14 billion to \$18 billion per year from 2023 to 2026. For the private sector, construction demand is projected to remain steady over the medium-term, reaching about \$11 billion to \$14 billion per year from 2023 to 2026.

Looking at the above estimates, civil engineering construction demand is expected to remain optimistic beyond 2022. The hopeful outlook increases the prospects for transport infrastructure and civil engineering companies such as OKP.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2021 real estate statistics, which were announced on 28 January 2022, revealed that prices of private residential properties increased by 5.0 per cent, compared with the 1.1 per cent increase in the previous quarter. For the whole of 2021, prices of private residential properties rose by 10.6 per cent, compared with the 2.2 per cent increase in 2020. These statistics largely reflect market conditions prior to the implementation of the latest round of property market cooling measures on 16 December 2021.

In the midst of uncertainties due to Covid-19 and economic turmoil, the Group is focused on building a sustainable and stable business as it is an experienced contractor, especially for public sector projects. The BCA's hopeful projections on construction demand, is positive news for the Group. We will be more active in tendering for projects from the public and private sectors in the coming year.

To mitigate the negative impact from Covid-19 and move ahead of the competition, OKP has been broadening its expertise and enhancing its proficiencies by venturing into property developments locally and overseas.

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

Currently, the Group is progressing well with two residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road.

The 99-year leasehold project called The Essence has won three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at Property Guru Asia Property Awards Singapore 2019. It is fully sold and is expected to receive its temporary occupation permit (TOP) in 2023.

Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure. Marketing initiatives are ongoing with positive responses. The project is expected to receive its TOP in November 2023.

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

In 2021, the Group purchased three properties in Singapore for investment. The acquisition of the property at 35 Kreta Ayer Road for \$11.3 million was completed in January 2021. It has a freehold tenure and comprises a three-storey with attic shophouse. The other properties are a pair of adjoining two-storey conservation shophouses, 69 and 71 Kampong Bahru Road acquired in May 2021. The freehold properties were purchased for \$12.4 million.

In November 2019, OKP acquired a freehold property located at 32 Tagore Lane in Singapore for \$8.0 million. The freehold property comprises a two-storey corner light industrial terrace factory.

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

According to the Property Council of Australia's Office Market Report released on 2 February 2022, the national vacancy went up slightly, from 11.9 per cent to 12.1 per cent in the six months to January 2022. Since the onset of the pandemic, office vacancies have increased by 3.3 per cent, in stark contrast to the recession of the 1990s when vacancy rates went up by 15.6 per cent over a three-year period. Office vacancy rates in Sydney rose from 5.6 per cent to 8.6 per cent, while Perth and Darwin's central business districts had the nation's highest vacancy rates of 20 per cent in January 2022.

The office market in Perth is still facing challenging times but optimism remains. With nation-wide vaccinations being rolled out to curb the spread of Covid-19, positive market sentiments are expected to return in the foreseeable future. The Group is confident that its Australian acquisition will continue to be an excellent investment.

At OKP, we will continue to focus on our core civil engineering business, where we have a decades-long track record and vast expertise as the preferred civil engineering contractor for various industries.

However, we are also realistic and expect the operating environment in the construction industry to remain unpredictable. Additional worries pile up with increasing business costs especially on materials such as steel, and a shortage of experienced and skilled workforce due to prevailing government policies and legislation.



Our Executive Director Mr Oh Enc Nam (right) receiving a Construction Safety Award 2021 (Special Mention) from JTC Corporation's Chief Executive Officer Mr Tan Boon Khai (left).

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

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

A NOTE OF THANKS

On behalf of the Board, I would like to express my deepest appreciation for the support of our shareholders, clients, business associates and suppliers through the decades, I am very grateful to the management team for their solid leadership, dedicated efforts and good teamwork. As we move ahead, I am confident that each of you will give your commitment and very best to make the Group resilient and strong so as to achieve a sustainable future.

I would also like to thank our Board of Directors for their valued guidance and wise counsel. All of you have contributed your time, efforts and well-considered views to make OKP what it is today – and I am indebted to all of you for this unwavering support. Working in unison as a nimble team, we can soar above the headwinds, and work purposefully to build a resilient and progressive company and realise fully our vision to be one of the leading transport infrastructure and civil engineering companies in Singapore and the region now and in the future.

OR KIM PEOW
Group Chairman



OUR STRATEGY

OUR GROUP MANAGING DIRECTOR'S REVIEW

The Singapore construction industry continues to endure challenges arising from the Covid-19 pandemic. However, there is now some optimism shining through with national vaccination programmes being rolled out and gradual easing of restrictions for business and people movement in many countries.

There is an encouraging vibe for the construction sector with a pipeline of construction projects coming onstream. This hopeful outlook can be seen from the Building and Construction Authority (BCA)'s announcement on 26 January 2022, where it pointed out that the total construction demand in 2022 is estimated to be between \$27 billion and \$32 billion, compared to between \$23 billion and \$28 billion a year ago. This is due to a steady level of construction demand and the backlog of workload that was affected by Covid-19 since 2020.

Contributing about 60 per cent of the total construction demand, the public sector is expected to draw between \$16 billion and \$19 billion worth of construction activities. This is due to the strong pipeline of public housing projects including those under the Home Improvement Programme, healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1). In the private sector, construction demand is expected to reach between \$11 billion and \$13 billion in 2022, comparable with 2021's volume.

As a result of the latest property cooling measures announced by the government in December 2021, the residential building demand is expected to moderate year-on-year amid more cautious market sentiments. However, commercial building demand is expected to go up as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, and older commercial premises are being earmarked for redevelopment to improve their asset values. In addition, the construction of energy storage facilities and biopharmaceutical manufacturing plants will add to the private sector industrial building demand.

Looking ahead over the medium term, BCA sees a steady rise in construction demand to reach between \$25 billion and \$32 billion per year from 2023 to 2026. Leading the demand is the public sector, which is expected to contribute \$14 billion to \$18 billion per year. About half of the demand will come from building projects and the other half from civil engineering works. Besides public housing developments, there are also various major developments in the pipeline, such as MRT projects including the Cross Island Line (Phases 2 & 3) and its Punggol Extension and the Downtown Line Extension to Sungei Kadut, the Toa Payoh Integrated Development, redevelopment of Alexandra hospital and a new integrated hospital at Bedok. The private sector construction demand is projected to remain steady over the medium-term, reaching about \$11 billion to \$14 billion per year. This is in view of healthy investment appetite amid Singapore's excellent economic fundamentals.

With our solid track record in public sector works and civil engineering projects, the Group looks forward to tendering for some of these transport infrastructure and civil engineering projects.

WINNING NEW PROJECTS

During the year under review, OKP maintained its position in the public sector by winning three new construction projects and one maintenance project.

The three new construction projects comprised improvement to Sungei Selarang and Sungei Selarang subsidiary drain A; construction of link sewers for Deep Tunnel Sewerage System phase 2 project – schedule 1 contract 2 (Commonwealth Avenue West/Clementi Avenue 2/University Flyover) (balance works); and improvement to Benoi Road outlet drains. The new maintenance contract was for the improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).

Currently, our net order book remains healthy at \$329.2 million with projects extending till 2025.

EXECUTING AND PERFORMING EFFECTIVELY

The Group's business remains fundamentally sound as it aims to grow with purpose to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

However, the past financial year ended 31 December 2021 (FY2021) was a challenging time for the Group largely due to Covid-19 disruptions such as lockdowns, business shutdowns and restricted people movement. Our construction work was halted at worksites, affecting businesses and workers severely in FY2020. It was only in mid-2021 that OKP was given approval by the authorities to start work at its sites and only in December 2020 with Phase 3 re-opening was there a steady resumption of construction work.

Our revenue went up by 29.3 per cent to \$90.0 million compared to the previous year (FY2020). All our business segments – construction, maintenance and rental – improved their revenues.

Amidst the Covid-19 pandemic and competitive business environment, we are even more resolute in maintaining our leadership position in the transport infrastructure and civil engineering market in Singapore, while at the same time, moving strategically into property developments and investments to fortify our business.

At OKP, we are deeply appreciative of the excellent work and commitment of our reliable and competent employees, who have been instrumental in backing OKP in the implementation and successful completion

of projects. All our major functions are well-manned by experienced staff, who can interact efficiently with other colleagues internally, and with clients, suppliers and business partners externally. As common with all service-oriented businesses, manpower and talent continue to be key issues facing our organisation. We have made it a priority to orientate our new employees, nurture our people and provide sponsorships and scholarships to tap potential recruits. We believe that we have managed our resources well.

Developing potential in present and future workers will always remain our focus. It is only when we have a professional and able team in place that we will be able to deliver our projects to the high quality of service that our clients have come to expect of our Group.

As an employer of 812 employees, workplace safety is one of the main aspects of our operations. We are dedicated

to providing OKP's staff with a safe accident-free working environment and ensuring that they go home safe and sound after work. This pledge extends to our contractors, subcontractors and others who come to work at our worksites. Fostering a culture of safety and good environmental awareness within the organisation, especially during the Covid-19 pandemic, is an important factor in our business' planning and operation. This involves training our workers, organising drills and taking all necessary measures to ensure the working environment is kept safe, risk-free and virus-free. If we do fail in our safety standards, we impose stricter measures and ensure safety is not compromised.

As a leading home-grown transport infrastructure and civil engineering company in the region, we have two core business segments namely, construction and maintenance, plus the rental income segment from investment

properties. Our business strategy remains in focusing on our core competencies, exploring overseas business opportunities, and diversifying earnings through property developments and other investments. We have extended our capabilities by establishing joint ventures to develop properties and tender for complex projects.

CONSTRUCTION: FORTIFYING OUR POSITION IN PUBLIC SECTOR WORKS

During the year under review, the construction segment saw a 22.8 per cent increase in revenue to \$56.5 million. The rise was due mainly because construction activities were resumed after their temporary cessation in compliance with the government's Covid-19 measures in FY2020. There was also a higher percentage of revenue recognised from a number of existing and newly awarded construction projects during FY 2021. It continued to be the major contributor to the Group's revenue, accounting for 62.8 per cent of total revenue for the year under review.



The Group's business remains fundamentally sound as it aims to grow with purpose to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.



OUR STRATEGY OUR GROUP MANAGING DIRECTOR'S REVIEW

During FY2021, the Group won three new construction projects, mainly for drains and sewers as mentioned above. No construction projects were completed in FY2021.

Currently, OKP is busy with 11 ongoing construction projects. These are: Walk2Ride Programme (two contracts); improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (TPE)); construction of covered linkways to Thomson East Coast Line Stage 1, 2 and 3 Stations; widening of Tampines Road between Kallang Paya Lebar Expressway and Tampines Avenue 10; commuter and road infrastructure works in Pasir Ris and Loyang; construction of link sewers for the Deep Tunnel Sewerage System phase 2 project schedule III contract 1 (Jalan Buroh/Tanjong Kling Road); and proposed construction of new infrastructure at Tukang Estate plus the three new contracts.

MAINTENANCE: PROVIDING A SOURCE OF RECURRENT INCOME

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

There was a 53.1 per cent growth in revenue from the maintenance segment to \$26.4 million. This was mainly because construction activities restarted in FY2021 after

their temporary cessation. In addition, there was a higher percentage of revenue recognised from a number of existing and newly awarded maintenance projects during FY2021. This segment contributed 29.3 per cent of the Group's total revenue.

We secured one new maintenance contract in FY2021. This project was for the Improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).

In 2021, there were two completed maintenance projects. The first completed project was the improvement to roadside drains V contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive), which was secured in July 2018 and completed in February 2021. The second completed project was the maintenance works at various locations, which commenced in November 2020 and was completed in September 2021.

Currently, the Group is continuing with the execution of six ongoing maintenance projects, which had been secured since January 2018. These are: improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate Areas); road maintenance contract for Expressway; road maintenance contract for North East Sector; improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates); term contract for road related facilities, road structures and road safety schemes for East Sector plus the newly won improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).

ENABLING SMOOTH PROJECT OPERATIONS

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

The Group prioritises teamwork and good communication to enable everyone to execute our projects effectively, thus ensuring that the Group delivers to its clients a superior level of service on time, on budget and to their satisfaction.

RENTAL INCOME FROM INVESTMENT PROPERTIES: PROVIDING MORE RECURRENT INCOME

Rental income from investment properties has made an increasing contribution to the Group's overall revenue. For FY2021, rental income rose by 11.9 per cent to \$7.1 million compared to \$6.3 million a year ago. It contributed 7.9 per cent to OKP's total revenue in FY2021.

The increase in rental income generated from investment properties came largely from the property at 6-8 Bennett Street, East Perth, Western Australia, and from the newly



OKP is involved in the construction of covered linkways to Thomson East Coast Line (TEL) Stage 1, 2 and 3 Stations (Caldecott).



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

acquired Singapore investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road during FY2021. The freehold office complex at 6-8 Bennett Street in East Perth, comprises a four-storey building, a Grade A nine-storey building and a multi-storey car park. This office complex has been fully occupied since the second quarter ended 30 June 2019.

As a result of the overseas investment in East Perth, we have two geographical segments, namely Singapore and Australia, since FY2018.

PROPERTY DEVELOPMENTS AND INVESTMENTS: DIVERSIFYING OUR EARNINGS

The Group has extended its property business by exploring potential good investments in Singapore and overseas.

In 2021, OKP purchased three properties in Singapore to expand its investment portfolio. In January, it completed the acquisition of 35 Kreta Ayer Road for \$11.3 million. The freehold property comprises a three-storey with attic shophouse. In May, the Group purchased a pair of adjoining two-storey conservation shophouses, 69 and 71 Kampong Bahru Road. The freehold properties were purchased for \$12.4 million.

In November 2019, we acquired a freehold property located at 32 Tagore Lane in Singapore. The \$8.0 million freehold property comprises a two-storey corner light industrial terrace factory.

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

The 99-year leasehold project, The Essence is a condominium project comprising two five-storey blocks with 84 units. Launched in March 2019, this award-winning condominium is fully sold and is expected to receive its temporary occupation permit (TOP) in 2023.

Phoenix Residences, a 74-unit residential development project with a 99-year leasehold tenure, was launched in November 2020 and re-launched in July 2021 to warm response. With the Phase 3 re-opening in Singapore, OKP has stepped up marketing efforts to engage homebuyers through both physical and virtual channels. It is expected to receive its TOP in November 2023.

In 2017, we completed two property projects in Singapore – Amber Skye, a condominium at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/ Tao Ching Road.

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

EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group's gross profit declined by 7.9 per cent to \$6.8 million in FY2021 compared to \$7.4 million in FY2020. Although the rental income segment showed a rise in gross profit of \$4.7 million for FY2021, there was a drop of \$1.0 million in the gross profit of the construction and maintenance segments to \$2.0 million.

The gross profit margin for the construction and maintenance segments went down from 4.8 per cent for FY2020 to 2.5 per cent for FY2021. This was due mainly to lower profit margins for new and some current construction and maintenance projects as a result of the increase in overheads, prices of materials and rising manpower costs. Overall, the negative impact from the Covid-19 situation on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2021.

Gross profit margin for rental income segment remained at 67.0 per cent in FY2021 compared to 68.6 per cent in FY2020.

Overall, better project management and tighter cost controls have been crucial in our financial management. However, exercising a high level of financial prudence does not mean cutting corners. For OKP, good execution is the key factor to ensuring that projects are completed on time and within budget, and the Group remains committed to a high level of operational efficiency. This will assist us to overcome current difficulties and enable our business to be more resilient today and in the years to come.

ACKNOWLEDGEMENT

I would like to express my heartfelt appreciation and sincere gratitude to my management team and all employees for their hard work, deep commitment and good teamwork. I am confident that as we fortify our strengths to work in sync as a highly professional team, we can prevail over the ups and downs of the business cycle, especially during this Covid-19 crisis and be successful. We can then move ahead to achieve our mission to be the first and preferred civil engineering contractor for the various industries in Singapore and beyond, and to achieve a sustainable and sunnier future.

OR TOH WAT
Group Managing Director

OUR STRATEGY
OUR FUTURE OUTLOOK**ECONOMIC OUTLOOK**

With vaccinations being rolled out to counter the spread of Covid-19 worldwide, many countries are reopening their economies. Singapore is no different as its economy grew by 7.6 per cent in 2021, according to the Ministry of Trade and Industry's (MTI) announcement on 17 February 2022. This was a reversal from the 4.1 per cent contraction registered in 2020.

Since it began more than two years ago, the Covid-19 pandemic has spread across the world, causing major disruptions with global lockdowns, work halts and restricted people movement. Many businesses have been severely impacted as they move to activate business continuity plans to comply with safe distancing measures, source for alternative supply chains, and navigate legal contracts and unpredictable events.

The development of new vaccines and the implementation of national vaccination programmes in many countries have brought some relief. However, new variants of the Covid-19 virus started to appear, resulting in more uncertainties even as many countries attempt to restart their economy. In addition, there are continuing signs of trade wars, financial market volatility and political unrest worldwide, which have unfavourably affected trade globally, and in turn, Singapore.

Taking into consideration the developments in the global and domestic economic environment, and barring any new downside risks, MTI has maintained the local GDP growth forecast for 2022 at 3.0 to 5.0 per cent.

INDUSTRY OUTLOOK

According to MTI, the Singapore construction sector expanded by 20.1 per cent in 2021, a turnaround from the 38.4 per cent contraction in 2020, as it was supported by both public and private sector construction works. This was due mainly to the resumption of construction activities from mid-2021 after being stopped in April 2020.

In 2022, MTI projected that construction activities will continue to recover due to the progressive easing of border restrictions on the entry of migrant workers from South Asia. Nonetheless, as it will take some time to fully tackle the shortfall in labour required to meet business needs, labour shortages are likely to persist and affect the construction sector's recovery. In particular, the output of this sector is anticipated to remain below pre-pandemic levels throughout 2022.

The Building and Construction Authority (BCA) is more upbeat. Its estimates announced on 26 January 2022 indicated that the total value of construction contracts



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

to be awarded in 2022 will range between \$27 billion and \$32 billion. This is comparable to the estimated \$30 billion in 2021, which was largely driven by public housing and infrastructure projects as well as an improvement in investment sentiments. This figure was about 7 per cent higher than the upper range of BCA's earlier forecast of \$23 billion to \$28 billion, mainly due to increase in tender prices resulting from manpower and materials cost inflation.

The better construction outlook is because the public sector, which contributes about 60 per cent of the total construction demand, is expected to invigorate the demand to between \$16 billion and \$19 billion. The public sector's support comes from the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

In the case of the private sector, demand is expected to reach between \$11 billion and \$13 billion in 2022, comparable with the volume in 2021. Given the latest property cooling measures announced in December 2021, residential building demand is anticipated to moderate year-on-year amid more cautious market sentiments. However, commercial building demand is anticipated to rise as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, and older commercial premises are earmarked for redevelopment to enhance their asset values. In addition, the private sector industrial building demand is expected to see some support from the construction of energy storage facilities and biopharmaceutical manufacturing plants.

Looking ahead over the medium term, BCA expects the total construction demand to reach between \$25 billion and \$32 billion per year from 2023 to 2026. The public

sector is expected to take the lead in the demand and contribute \$14 billion to \$18 billion per year from 2023 to 2026. About half of the demand will come from building projects and the other half from civil engineering works. Besides public housing developments, there are also various major developments in the pipeline. These include MRT projects such as the Cross Island Line (Phases 2 & 3) and its Punggol Extension and the Downtown Line Extension to Sungei Kadut, the Toa Payoh Integrated Development, redevelopment of Alexandra hospital and a new integrated hospital at Bedok.

For the private sector, construction demand is expected to remain steady over the medium term, reaching to about \$11 billion to \$14 billion per year from 2023 to 2026. This demand is in view of the healthy investment appetite amid Singapore's strong economic fundamentals.

In view of the above projections and in anticipation of a gradual recovery of the global economy, transport infrastructure and civil engineering construction demand are expected to remain positive till 2026. This encouraging outlook gives a needed boost to the prospects for transport infrastructure and civil engineering companies such as OKP.

However, the reality is that no one is confident that the Covid-19 pandemic and its unfavourable consequences will be eliminated completely. The current thinking in many countries is that we may have to learn to live with the virus, as we attempt to open up the economy. The construction industry continues to face various challenges such as rising business costs, manpower constraints and tight supply of materials. This is mainly due to the government policies and legislation involving foreign worker recruitment, particularly during this Covid-19 period.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2021 real estate statistics, which were announced on 28 January 2022, revealed that prices of private residential properties increased by 5.0 per cent, compared with the 1.1 per cent increase in the previous quarter. For the whole of 2021, prices of private residential properties increased by 10.6 per cent, compared with the 2.2 per cent increase in 2020. These statistics on the private residential market, including the price trend and transaction volume for the whole of 2021, largely reflect market conditions prior to the implementation of the latest round of property market cooling measures on 16 December 2021.

COMPANY OUTLOOK

Amidst all these uncertainties due to Covid-19 and economic upheavals, OKP is focused in growing with purpose to realise its vision. The Group envisions itself to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. We remain resilient and adaptable, prevailing over many challenges in the past to attain our business goals. The company's business remains fundamentally sound due to its main strengths such as well-acknowledged track record, solid experience and an efficient management team.

In our core construction and maintenance business, OKP stays cautiously optimistic of prospects, having successfully won three new construction projects and one maintenance project in 2021. The Group continues to be supported by a strong pipeline of projects. As at 31 December 2021, our net construction order book stood at \$329.2 million, with projects extending till 2025.

Moreover, the Group has been extending its capabilities by getting into joint ventures for property developments and tendering for potential complex projects. For property development, the Group is progressing well with its two new residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore. The Essence is fully sold while the Phoenix Residences is currently being marketed.

As part of its ongoing initiatives to diversify earnings and create recurrent income, OKP has also expanded its footprint overseas by buying its first overseas property, a freehold office complex in Perth, Australia in January 2018.

According to the Property Council of Australia's Office Market Report released on 2 February 2022, the national vacancy went up slightly, from 11.9 per cent to 12.1 per cent in the six months to January 2022. Since the onset of the pandemic, office vacancies have increased by 3.3 per cent, in stark contrast to the recession of the 1990s when vacancy rates went up by 15.6 per cent over a three-year period. Office vacancy rates in Sydney increased from 5.6 per cent to 8.6 per cent, while Perth and Darwin's central business districts had the nation's highest vacancy rates of 20 per cent in January 2022.

Thus, Perth's office market is still facing headwinds but optimism remains. With nation-wide vaccinations oncourse to deter the spread of Covid-19, positive market sentiments are expected to return in the foreseeable future.

In Singapore, the Group also expanded its property investment portfolio. It acquired a shophouse at 35 Kreta Ayer Road in January 2021 and adjoining two-storey conservation shophouses at 69 and 71 Kampong Bahru Road in May 2021.

As OKP moves purposefully ahead to secure a sustainable and bright future, we will continue to remain a strong and resilient company in the years ahead.



OKP has completed the construction of roads, drains and sewers at Portsdown Road.

OUR STRATEGY
**FIVE-YEAR FINANCIAL
HIGHLIGHTS**

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
FOR THE YEAR					
Revenue - Construction	56,560	46,065	49,966	46,051	78,448
Revenue - Maintenance	26,405	17,244	25,683	40,363	38,846
Revenue - Rental income	7,070	6,318	5,747	4,035	236
Total revenue	90,035	69,627	81,396	90,449	117,530
Revenue - Construction (% of total revenue)	62.8%	66.2%	61.4%	50.9%	66.7%
Revenue - Maintenance (% of total revenue)	29.3%	24.7%	31.5%	44.6%	33.1%
Revenue - Rental income (% of total revenue)	7.9%	9.1%	7.1%	4.5%	0.2%
Gross profit	6,794	7,376	10,846	17,391	21,860
Gross profit (%)	7.5%	10.6%	13.3%	19.2%	18.6%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	9,890	9,805	5,815	11,149	17,873
EBITDA margin (%)	11.0%	14.1%	7.1%	12.3%	15.2%
Finance expense	1,138	1,163	1,288	1,133	76
Depreciation of property, plant and equipment	4,278	4,179	3,456	3,428	2,796
Amortisation of intangible assets	26	30	31	17	15
Profit before income tax	4,448	4,433	1,040	6,571	14,986
Profit before income tax (%)	4.9%	6.4%	1.3%	7.3%	12.8%
Net profit	4,235	3,955	681	5,646	12,716
Net profit (%)	4.7%	5.7%	0.8%	6.2%	10.8%
Profit after income tax and non-controlling interests (PATMI)	1,515	3,293	(378)	6,488	12,716
PATMI Margin (%)	1.7%	4.7%	(0.5%)	7.2%	10.8%



	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
AT YEAR END					
Current assets	76,325	103,065	97,213	96,448	112,063
Total assets	203,134	197,079	180,188	186,638	166,325
Current liabilities	37,321	38,549	22,362	27,577	41,309
Total liabilities	77,862	59,026	59,026	63,041	43,814
Total debt (ie bank borrowings & finance lease)	40,424	31,601	29,917	28,102	2,481
Shareholders' equity	121,708	122,144	120,983	124,462	122,512
Total equity	125,272	123,183	121,162	123,597	122,512
Operating cashflow	(5,992)	18,694	(219)	(2,504)	17,492
Cash and cash equivalents	51,031	79,097	64,638	74,275	86,107
Net tangible assets	123,547	121,432	119,381	121,808	120,774
Net order book	329,258	254,027	283,102	265,828	267,990
Number of shares (excluding treasury shares)	306,961	306,961	308,431	308,431	308,431
Adjusted weighted average number of ordinary shares					
- Basic	306,961	307,468	308,431	308,431	308,431
- Fully diluted	306,961	307,468	308,431	308,431	308,431
Share price at year end (cents)	19.50	17.80	20.00	20.00	34.00
Market capitalisation as at 31 December	59,857	54,639	61,686	61,686	104,867
Capital expenditure	7,198	12,495	6,535	4,099	3,461

	2021	2020	2019	2018	2017
FINANCIAL RATIOS					
Profitability					
Revenue growth (%)	29.3%	(14.5%)	(10.0%)	(23.0%)	5.8%
PATMI growth (%)	(54.0%)	971.2%	(105.8%)	(49.0%)	(11.3%)
Return on assets (%) (PATMI/Total assets)	0.7%	1.7%	(0.2%)	3.5%	7.6%
Return on equity (%) (PATMI/Ave shareholders equity)	1.2%	2.7%	(0.3%)	5.3%	10.7%
Liquidity					
Current ratio (times)	2.0	2.7	4.3	3.5	2.7
Cash as per share (cents)	16.6	25.8	21.0	24.1	27.9
Net tangible assets per share (cents)	40.2	39.6	38.7	39.5	39.2
Leverage					
Total debt to equity ratio (times) (Total debt/Total equity)	0.3	0.3	0.2	0.2	<0.1
Interest cover (times) (EBITDA/Finance expense)	8.7	8.4	4.5	9.8	235.2
Investors' Ratios					
Earnings per share (cents)					
- Basic	0.5	1.1	(0.1)	2.1	4.1
- Fully diluted	0.5	1.1	(0.1)	2.1	4.1
Gross dividend per share (cents) - ordinary	0.7	0.7	0.7	0.7	0.7
Gross dividend per share (cents) - special	0.0	0.0	0.0	0.3	1.3
Total gross dividend per share (cents) (DPS)	0.7	0.7	0.7	1.0	2.0
Gross dividend yield (%) based on year end share price	3.6%	3.9%	3.7%	5.0%	5.9%
Gross dividend payout (%) (DPS/Basic EPS)	142.9%	65.4%	(583.3%)	47.6%	48.8%
Productivity					
Number of employees	812	788	814	695	779
Revenue/employee (\$'000)	110.9	88.4	100.0	130.1	150.9

AFFIRMING STRATEGIC GOALS

REACHING GREATER HEIGHTS



The world's largest trees, the **GIANT SEQUOIAS** grow only in a narrow band of mixed conifer forest in California, United States of America.



**ALTHOUGH THE BUSINESS ENVIRONMENT
REMAINS UNCERTAIN, WE AFFIRM
OUR STRATEGIC GOALS BY REINFORCING
OUR CORE PROFICIENCIES IN
TRANSPORT INFRASTRUCTURE AND
CIVIL ENGINEERING. AT THE SAME TIME,
WE EXTEND OUR REACH INTO
OTHER SECTORS SUCH AS PROPERTY
DEVELOPMENTS AND INVESTMENTS
IN SINGAPORE AND ABROAD.**

OUR BUSINESS OUR CORPORATE PROFILE

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

The Group also carries out maintenance works for roads and road-related facilities as well as building construction-related works. Over the past decade, OKP has extended its core business to include property developments and investments.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd was started by founder and Chairman, Mr Or Kim Peow, in 1966 as a sole-proprietorship and celebrated 50 years in business in 2016. Since then, the company has grown substantially while enhancing its capabilities and establishing its track record to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. The Group has two core business divisions, construction and maintenance, and bids for public and private civil engineering and infrastructure projects as well as maintenance contracts.

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



Road maintenance contract for North East Sector is one of OKP's ongoing maintenance projects.



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

CORPORATE DEVELOPMENTS

Amidst the economic headwinds due to the Covid-19 pandemic, OKP has been agile in adapting to changes to prevail over the challenges to attain its business goals. Our strategy is to develop our resilience by improving our strengths in our core competencies and at the same time, by growing our presence in other revenue-generating sectors. Our capabilities and position as a leading player in the public sector have been well recognised, particularly in Singapore. Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd, our wholly-owned subsidiary corporations, are A1 grade civil engineering contractors under the Building and Construction Authority's Contractors' Registry, which permit them to tender for public sector construction projects of unlimited value.

Taking a strategic view, the Group has started several key initiatives to build its expertise and broaden its experience in the competitive business environment by investing in several joint ventures. In 2014, the Group invested in an associated company, United Singapore Builders Pte. Ltd., with four other established construction companies with the goal of taking part in complex project tenders.

In addition, OKP regularly explores new opportunities to build its property developments and investment portfolio, through joint ventures as well as on its own. Past property development projects include a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road and a luxury condominium, Amber Skye, at Amber Road, both in Singapore.

In February 2018, we won a bid with a joint partner to acquire a land parcel at Chong Kuo Road in Singapore. The development called The Essence, a residential condominium comprising 84 units, was launched in March 2019. It attracted favourable response, and is now fully sold. The Essence is expected to receive its temporary occupation permit (TOP) in February 2023.

Another winning bid was Phoenix Residences in Singapore in August 2018, a 74-unit residential condominium, which was launched in November 2020 and re-launched in July 2021. Marketing efforts are being stepped up with positive response and in July 2021. The project is expected to receive its TOP in November 2023.

The Group made a key strategic move in February 2018 by purchasing its first overseas property, a freehold modern office complex at 6-8 Bennett Street, East Perth in Australia. The acquisition was done jointly with a partner.

At OKP, we have been venturing into investments in Singapore too. In May 2021, the Group acquired 69 and 71 Kampong Bahru Road, Singapore for \$12.4 million for investment. The freehold properties comprise a pair of adjoining two-storey conservation shophouses, occupying a land area of approximately 2,343 square feet. Earlier in January 2021, OKP acquired a shophouse at 35 Kreta Ayer Road, Singapore for \$11.3 million for investment. This freehold property comprises a three-storey with attic shophouse and occupies a land area of approximately 1,568 square feet and has a total floor area of approximately 4,240 square feet.

Another investment property at 32 Tagore Lane, Singapore was purchased in November 2019. This freehold property comprises a two-storey corner light industrial terrace factory, occupying an area of 6,469 square feet.

Through more than 50 years, the Group has won various accolades for its annual reports, corporate governance, safety and environment efforts and investor relations. Since 2006, OKP has won a total of 27 safety awards, seven green and gracious awards and one construction environment award.

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

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

Listed on the Singapore Exchange since 26 July 2002, OKP’s market capitalisation was \$59.9 million (2020: \$54.6 million) while net tangible assets amounted to \$123.5 million (2020: \$121.4 million) as at 31 December 2021.



Exterior view of 6-8 Bennett Street in East Perth, Western Australia.



OKP is co-developing Phoenix Residences at Phoenix Road.

OUR BUSINESS
OUR MILESTONES

2021

- Acquired a pair of adjoining two-storey conservation shophouses at 69 Kampong Bahru Road, Singapore 169372 and 71 Kampong Bahru Road, Singapore 169373 for \$12.4 million for investment.



OKP acquired a pair of adjoining two-storey conservation shophouses at Kampong Bahru Road in Singapore..

2019



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

2020

- Acquired a three-storey with attic shophouse at 35 Kreta Ayer Road, Singapore 089000 for \$11.3 million for investment.



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

2018



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

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

2017



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

- 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.

OUR BUSINESS
OUR MILESTONES

2015



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

- 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).

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.



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.

2013



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).

- 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.

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 Executive Director, Mr Or Lay Huat Daniel (centre), receiving the Best Investor Relations Award (Bronze) award, which OKP won at the Singapore Corporate Awards 2012 with Mr David Lim, Chief Executive Officer Singapore, Bank Julius Baer (left) and Professor Mak Yuan Teen, NUS Business School (right). Photo courtesy of John Heng.

OUR BUSINESS OUR MILESTONES

2011



With our Group Managing Director Mr Or Toh Wat (second from right), at the "Best Under A Billion" award ceremony in Hong Kong were 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).

- 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 in 2011.
- 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 in 2011.

2010 ●●●

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



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

- Issued 15 million new ordinary shares at \$0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary corporation of China Sonangol International Limited in 2009.
- Undertook bonus issue of 82,430,468 new shares on the basis of one new OKP share for every two existing shares held and a rights issue of warrants on the basis of one warrant for every four existing ordinary shares held in 2009. Each warrant was issued at a 1.0 cent, with an exercise price of 20.0 cents and an exercise period of three years.
- Acquired the property at 30 Tagore Lane, Singapore 787484 for \$2.05 million to provide for future expansion plans of the company in 2009.
- Listed on the Sesdaq on 26 July 2002 and subsequently upgraded listing from Catalist (formerly Sesdaq) to SGX Mainboard on 25 July 2008.
- Issued 13.6 million new ordinary shares for cash at \$0.16821 each pursuant to a placement exercise in 2007.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd was upgraded to an A2 grade civil engineering contractor under the BCA Contractors' registry, which allows it to tender for public sector construction projects with contract values of up to \$85.0 million each in 2009.



●●● 2002



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

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

- First project with the National Parks Board in 2006;
- First construction-related high-rise project worth \$10.5 million with a private property developer in 2003, which was completed a year later in 2004;
- First airport-related project worth \$39.5 million and first design and build project with \$21.6 million both in 2002.
- Ventured overseas as follows:
 - Wholly-owned subsidiary corporation OKP Technical Management Pte. Ltd. entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd. to grow the business overseas in 2009;
 - Incorporated a wholly-owned subsidiary corporation, OKP Investments (China) Pte Ltd, to handle construction-related business in China in 2003;
 - Entered into an alliance agreement with other building and construction professionals to offer a one-stop solutions centre to customers in India and other countries in 2003;
 - Incorporated a 96 per cent-owned subsidiary corporation, OKP (CNMI) Corporation in Saipan, Commonwealth of Northern Mariana Islands (CNMI) to handle infrastructure, construction and building-related businesses in CNMI in 2005;
 - Incorporated a 55 per cent-owned subsidiary corporation, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia in 2006.



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



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



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

OUR BUSINESS

OUR AWARDS AND ACCOLADES

COMPANY RANKING

2011-2012

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies – 2011 and 2012" category.

2007-2010

Made it to the Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the best 200 companies in the Asia Pacific region in 2010. Companies 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.

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 in 2009.

Received Certificate of Achievement from DP Information Group for making the "Singapore 1000 Company" list under the "Public Listed Companies – 2007, 2008 and 2010" 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, namely the 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, namely the Best Annual Report (Gold), Best Managed Board (Silver) and Best Investor Relations (Bronze).

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

2012

Won three awards in the "Companies with less than \$300 million in market capitalisation" category at Singapore Corporate Awards 2012, namely the 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.

2004-2009

Won the following awards:

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

Silver for Best Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008;

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

Ranked second runner-up at 30th Annual Report Awards in the Sesdaq-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Directors, Singapore Exchange Limited and The Business Times in 2004.

SAFETY/ENVIRONMENT

2022

The Group received the British Safety Council's International Safety Awards 2022 (Distinction) for the Walk2Ride Programme (Mackenzie Road) project (ER443) and commuter and road infrastructure works in Pasir Ris and Loyang project (DE143).



International
Safety Awards
2022 **Distinction**

2021

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Special Mention award at the Construction Safety Award 2021 from Jurong Town Corporation for the construction of new infrastructure at Tukang Estate project.



Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Project Safety Recognition Award 2021 in recognition for exemplary safety performance from the Public Utilities Board (PUB) for the drainage improvement to Sungei Tampines project.

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received a Project Safety Recognition Award 2021 in recognition for exemplary safety performance from the PUB for improvement to roadside drains and watermain replacement works under the Estate Upgrading Programme Batch 9 – Contract 1 project.

2020

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

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



2019

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

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

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

2016-2017

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Safety Recognition Award twice – in 2017 and 2016 from Changi Airport Group. These awards were 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. It also received a Certificate of Participation for the "Major Category (Civil contracts between \$20 million and \$50 million)" for the same project – 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 in 2016.

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. It also received a Certificate of Participation for the "Major Category (Civil contracts between \$20 million and \$50 million)" for the same project – Contract ER391.

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 (Merit) Award.

Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd was the winner of 2015 PUB 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. It also received a Certificate of Participation for the "Major Category (Civil contracts between \$20 million and \$50 million)" for the same project – Contract ER368.

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

OUR BUSINESS

OUR AWARDS AND ACCOLADES

2013

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received two Certificates of Recognition from the LTA at its Annual Safety Award 2013. Both awards are in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free man-hours)" — one for Contract ER368 project and the other for Contract ER391 project.

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 project.

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. It also received a Certificate of Recognition in the "Category 2 (Civil contracts not exceeding \$120 million with more than 250,000 accident-free manhours)" for the same project — 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 project.

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 project.

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 project.

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 project.

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.

2012-2013

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.

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.

2008-2009

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.

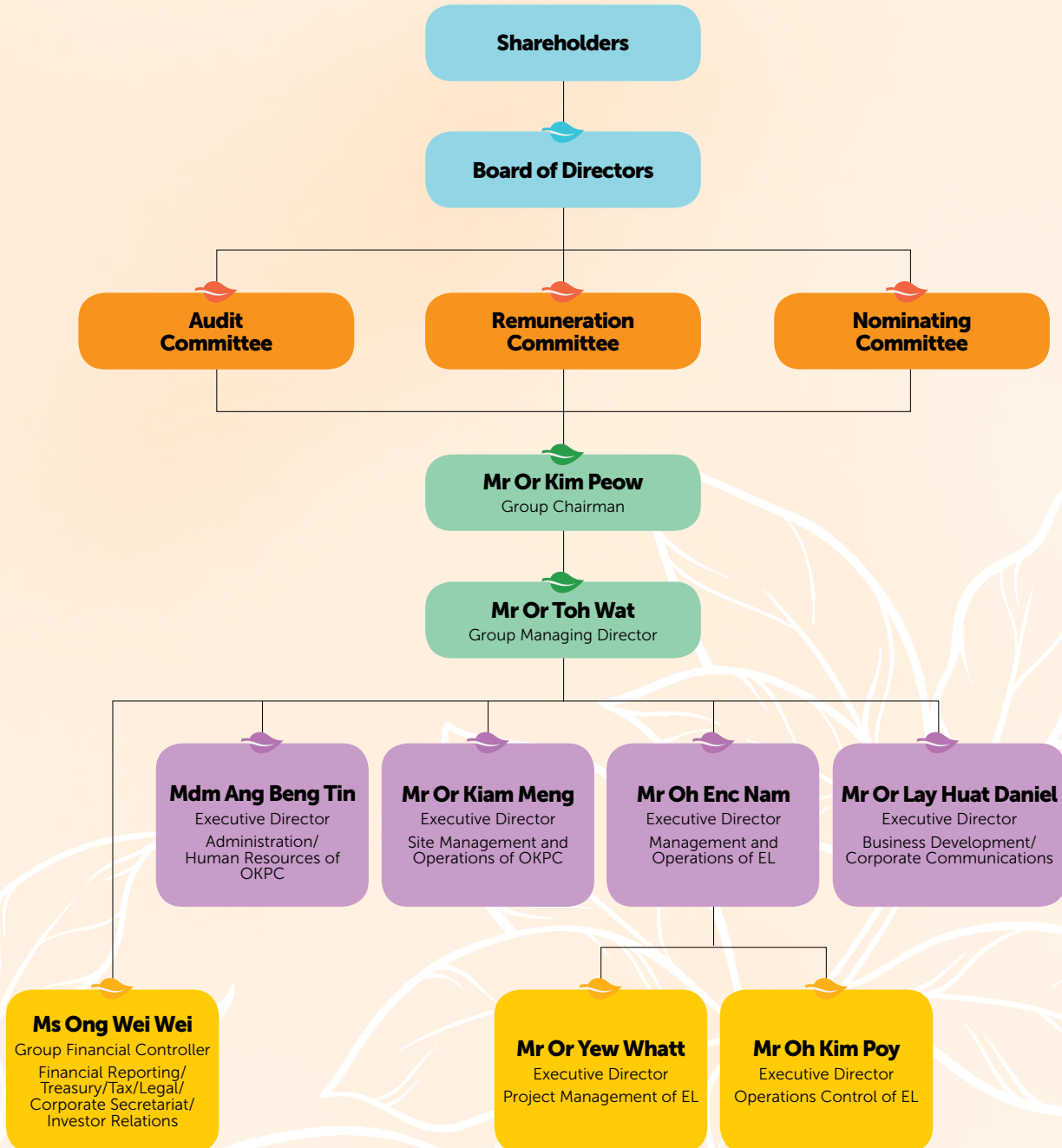
Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2008 in recognition of its support and contribution to Total Defence.

PROPERTY

2019

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

OUR BUSINESS
**OUR ORGANISATION
CHART**



OUR BUSINESS
**OUR BOARD OF
DIRECTORS**



MR OR KIM PEOW

Group Chairman

Date of first appointment as a director:

15 February 2002

Date of last re-appointment as director:

27 April 2020

Mr Or Kim Peow is the founder of the Group. With more than 62 years of experience in the infrastructure and civil engineering business, he is responsible for overseeing the overall management and strategic development of the Group.

He founded the Group 55 years ago and was instrumental in growing and steering it through major changes in its history. Mr Or continues to be active, playing an advisory role in the Group's strategic development and planning.

Present directorships in other listed companies: Nil

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



MR OR TOH WAT

Group Managing Director

Date of first appointment as a director:

15 February 2002

Date of last re-appointment as director:

26 April 2021

Mr Or Toh Wat has more than 30 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

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

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

Present directorships in other listed companies: Nil

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



MDM ANG BENG TIN

Executive Director

Date of first appointment as a director:

20 March 2002

Date of last re-appointment as director:

26 April 2021

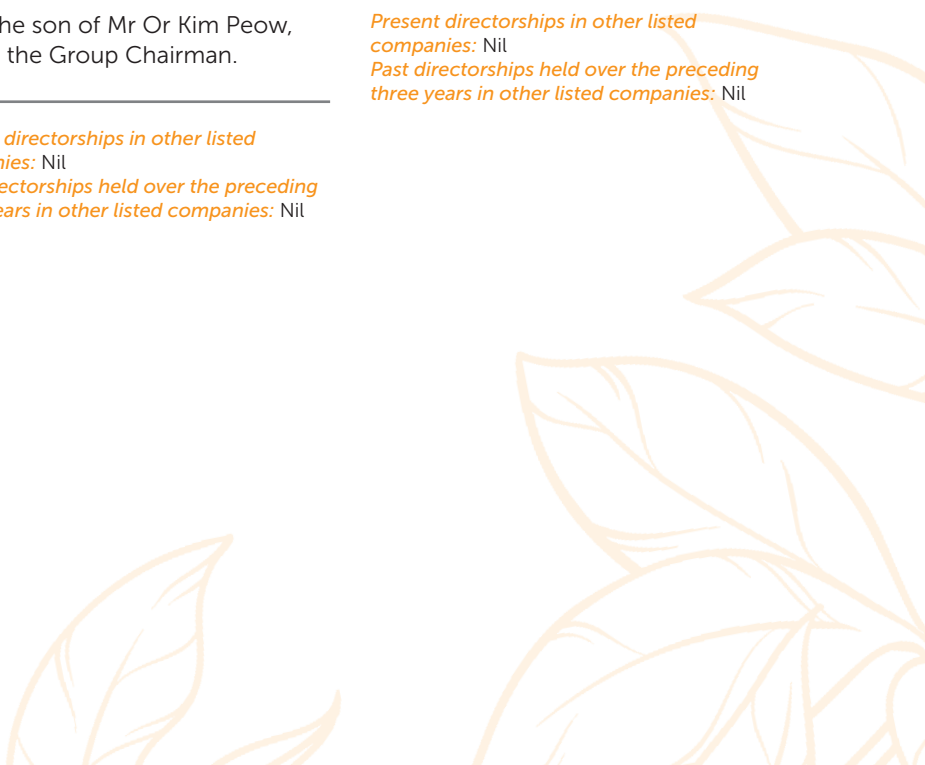
Joining the Group in 1979, Mdm Ang Beng Tin has more than 47 years of experience in administration and human resources. She is responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd, one of the Group's principal subsidiary corporations.

Mdm Ang holds GCE 'O' level qualifications.

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

Present directorships in other listed companies: Nil

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





MR OR KIAM MENG

Executive Director

Date of first appointment as a director:
20 March 2002
Date of last re-appointment as director:
27 April 2020

Joining the Group in 1985, Mr Or Kiam Meng has more than 36 years of experience in the construction industry. He oversees the daily site management and operations of Or Kim Peow Contractors (Pte) Ltd, one of the Group's principal subsidiary corporations.

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

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

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



MR OH ENC NAM

Executive Director

Date of first appointment as a director:
20 March 2002
Date of last re-appointment as director:
29 April 2019

Joining the Group in 1978, Mr Oh Enc Nam has more than 42 years of experience in the construction industry. He is responsible for the day-to-day management and overall operations of Eng Lam Contractors Co (Pte) Ltd, one of the Group's principal subsidiary corporations.

Mr Oh holds GCE 'A' level qualifications.

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

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



MR OR LAY HUAT DANIEL

Executive Director

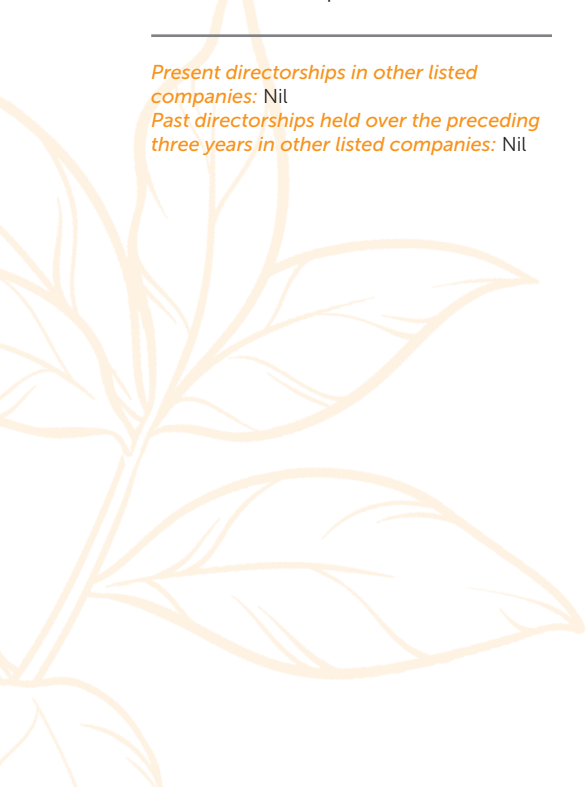
Date of first appointment as a director:
1 August 2006
Date of last re-appointment as director:
29 April 2019

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

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

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

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



OUR BUSINESS
OUR BOARD OF DIRECTORS



DR CHEN SEOW PHUN, JOHN

*Lead Independent Director
Chairman, Audit Committee
Member, Nominating Committee and
Remuneration Committee*

Date of first appointment as a director:

25 June 2002

*Date of appointment as the lead
independent director:*

1 August 2006

Date of last re-appointment as director:

27 April 2020

Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon Holdings Limited 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: Hanwell Holdings Ltd; Hiap Seng Engineering Ltd; Hong Lai Huat Group Limited; Matex International Limited; Pavillon Holdings Limited; Tat Seng Packaging Group Ltd and Sinostar Pec Holdings Ltd

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

Fu Yu Corporation Ltd



**MR NIRUMALAN S/O V
KANAPATHI PILLAI**

*Independent Director
Chairman, Remuneration Committee
Member, Audit Committee and Nominating
Committee*

Date of first appointment as a director:

1 June 2005

Date of last re-appointment as director:

26 April 2021

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 42 years. He qualified as a Barrister-at-law (England & Wales) and was admitted to the Honorable Society of the Inner Temple in 1976. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1978 and was admitted as a barrister and solicitor of the Supreme Court of Victoria, Australia, in 1990.

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

*Present directorships in other listed
companies:* Nil

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



MR TAN BOEN ENG

*Independent Director
Chairman, Nominating Committee
Member, Audit Committee and
Remuneration Committee*

Date of first appointment as a director:

25 June 2002

Date of last re-appointment as director:

29 April 2019

Mr Tan Boen Eng has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and non-listed companies from various industries, including business consultancy, training and management consultancy. Mr Tan was the President of the Institute of Certified Public Accountants of Singapore from 1995 to April 2009. He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and is currently a Board Member of Singapore Institute of Accredited Tax Professionals.

He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore, Director of Singapore Pools Pte Ltd and Board Member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a member of the Singapore Sports Council.

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

*Present directorships in other listed
companies:* Nil

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

OUR BUSINESS **OUR KEY MANAGEMENT**

MS ONG WEI WEI

Group Financial Controller

OKP Holdings Limited

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

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

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

MR OR YEW WHATT

Executive Director

Eng Lam Contractors Co (Pte) Ltd

Mr Or Yew Whatt joined the Group in 1989. He is currently the Project Director of Eng Lam Contractors Co (Pte) Ltd, one of the Group's principal subsidiary corporations. He is responsible for the supervision of projects and resolution of site issues and is involved in the project tender process. He has more than 31 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 one of the Executive Directors of the Company.

MR OH KIM POY

Executive Director

Eng Lam Contractors Co (Pte) Ltd

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 47 years of experience in the construction industry.

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



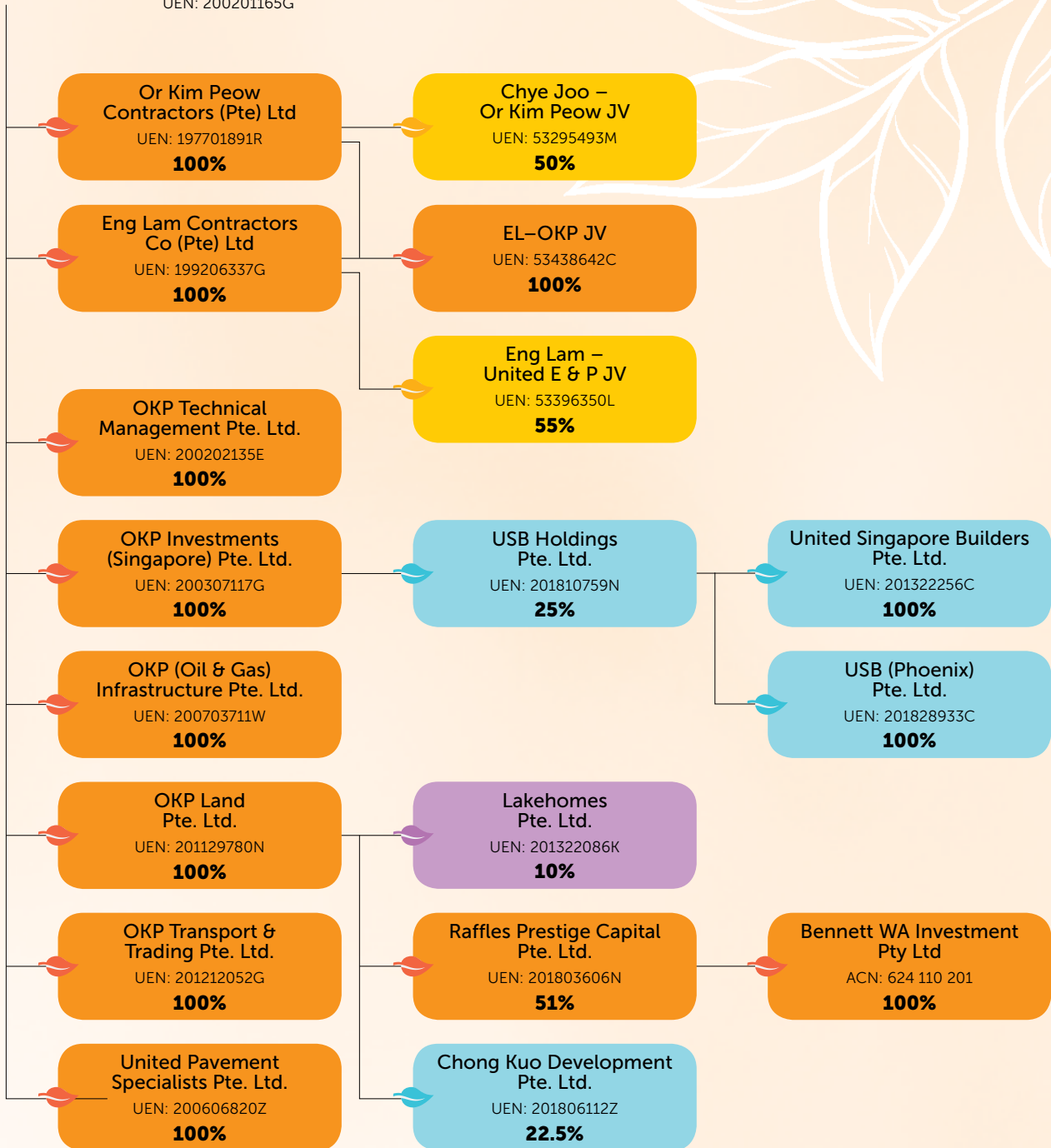
OUR BUSINESS
**OUR GROUP
STRUCTURE**




OKP HOLDINGS LIMITED

胡金標控股有限公司

UEN: 200201165G



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

OUR BUSINESS

OUR CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Chairman

Mr Or Kim Peow

Group Managing Director

Mr Or Toh Wat

Executive Directors

Mdm Ang Beng Tin

Mr Or Kiam Meng

Mr Oh Enc Nam

Mr Or Lay Huat Daniel

Lead Independent Director

Dr Chen Seow Phun, John

Independent Directors

Mr Nirumalan s/o V Kanapathi Pillai

Mr Tan Boen Eng

AUDIT COMMITTEE

Chairman

Dr Chen Seow Phun, John

Members

Mr Nirumalan s/o V Kanapathi Pillai

Mr Tan Boen Eng

NOMINATING COMMITTEE

Chairman

Mr Tan Boen Eng

Members

Dr Chen Seow Phun, John

Mr Nirumalan s/o V Kanapathi Pillai

REMUNERATION COMMITTEE

Chairman

Mr Nirumalan s/o V Kanapathi Pillai

Members

Dr Chen Seow Phun, John

Mr Tan Boen Eng

COMPANY SECRETARY

Mr Vincent Lim Bock Hui LL.B (Hons)

REGISTERED OFFICE

UEN: 200201165G

30 Tagore Lane Singapore 787484

T : (65) 6456 7667

F : (65) 6459 4316

W : www.okph.com

DATE OF INCORPORATION

15 February 2002

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-03/07 Keppel Bay Tower

Singapore 098632

T : (65) 6536 5355

F : (65) 6536 1360

SHARE LISTING

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

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation Public Accountants and Chartered Accountants

80 Robinson Road

#25-00 Singapore 068898

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Director-in-charge

Ms Lee Look Ling

Financial year appointed

31 December 2017

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STOCK DATA

Stock Code

Bloomberg: OKP SP EQUITY

Reuters: OKPH.SI

SGX: 5CF

ISIN Code: SG1M55904841

SGX Sector Classification:

Construction

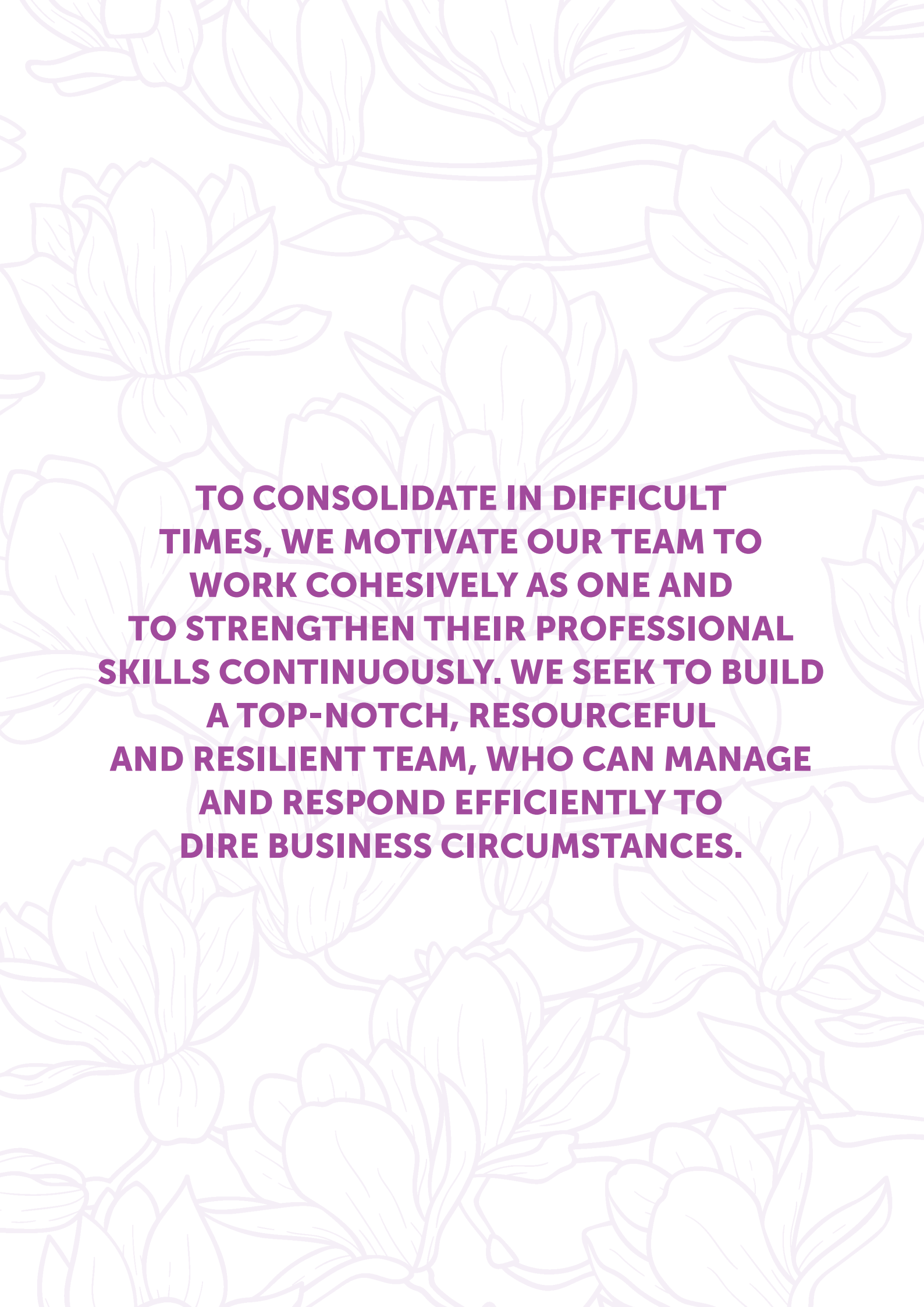


STRENGTHENING OUR UNITY

BUILDING OUR CAPABILITIES



One of the world's fastest-growing trees, the **EMPRESS TREES** grow 10-20 feet in its first year, maturing within 10 years and is native to central and western China.



**TO CONSOLIDATE IN DIFFICULT
TIMES, WE MOTIVATE OUR TEAM TO
WORK COHESIVELY AS ONE AND
TO STRENGTHEN THEIR PROFESSIONAL
SKILLS CONTINUOUSLY. WE SEEK TO BUILD
A TOP-NOTCH, RESOURCEFUL
AND RESILIENT TEAM, WHO CAN MANAGE
AND RESPOND EFFICIENTLY TO
DIRE BUSINESS CIRCUMSTANCES.**

OUR OPERATING AND FINANCIAL REVIEW

OUR OPERATING AND FINANCIAL REVIEW

BUSINESS REVIEW

I. CONSTRUCTION

Completed Construction Projects

During the year under review, no construction projects were completed.

The construction segment continued to be the major contributor to our Group's total revenue, contributing 62.8 per cent or \$56.5 million in FY2021.

Ongoing Construction Projects

In 2021, we continued the execution of 11 ongoing construction projects, which had been secured since February 2015. We won three new construction projects in the year under review. They were:

- Improvement to Sungei Selarang and Sungei Selarang subsidiary drain A;
- Construction of link sewers for Deep Tunnel Sewerage System phase 2 project – schedule 1 – contract 2 (Commonwealth Avenue West/ Clementi Avenue 2/University Flyover) (balance works); and
- Improvement to Benoi Road outlet drains.

List of Ongoing Construction Projects

No	Description of ongoing construction projects	Date of Commencement	Estimated Date of Completion	Contract Value (\$)
1.	Walk2Ride Programme (ER442)	February 2015	June 2022 (extended)	46,847,300 (revised)
2.	Walk2Ride Programme (ER443)	February 2015	December 2022 (extended)	34,621,000 (revised)
3.	Improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (1180229)	May 2018	April 2022 (extended)	48,827,000
4.	Construction of covered linkways to Thomson East Coast Line (TEL) Stage 1, 2 and 3 Stations (T2188)	September 2018	June 2023 (extended)	36,870,180
5.	Widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10 (DE123)	October 2018	May 2022 (extended)	30,127,000
6.	Construction of link sewers from the Deep Tunnel Sewerage System phase 2 project – schedule III contract 1 (Jalan Buroh/Tanjong Kling Road) (DTSS2/1180524)	January 2019	June 2023 (extended)	27,686,000
7.	Proposed construction of new infrastructure at Tukang Estate (C190079T00)	October 2019	June 2022 (extended)	18,327,000
8.	Commuter and road infrastructure works in Pasir Ris and Loyang (DE143)	December 2019	October 2023 (extended)	82,700,000
9.	Improvement to Sungei Selarang and Sungei Selarang subsidiary Drain A (1210348)	September 2021	June 2024	49,627,000
10.	Construction of link sewers for Deep Tunnel Sewerage System phase 2 Project – schedule 1 contract 2 (Commonwealth Avenue West/ Clementi Avenue 2/University Flyover) (Balance Works) (DTSS2/1210357)	September 2021	June 2025	57,203,000
11.	Improvement to Benoi Road outlet drains (CW-DD/33210023)	December 2021	December 2024	39,878,000



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

II. MAINTENANCE

Completed Maintenance Projects

Two maintenance projects were completed during the year under review.

No	Description of completed maintenance projects	Date of Commencement	Date of Completion	Contract Value (\$)
1.	Improvement to roadside drains V contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive) (1180289)	July 2018	February 2021 (extended)	3,993,000
2.	Maintenance works at various locations (RC130)	November 2020	September 2021 (extended)	497,000

In addition to providing a stable and recurrent income stream for OKP, our maintenance segment is an important part of the services that we provide to our clients. This segment contributed \$26.4 million, which constituted 29.3 per cent of our Group's total revenue in FY2021.



OKP has completed the improvement to roadside drains V contract C5 (Stamford Road, River Valley Road, Upper Thomson Road and Burghley Drive).

OUR OPERATING AND FINANCIAL REVIEW OUR OPERATING AND FINANCIAL REVIEW

Ongoing Maintenance Projects

We secured one new maintenance contract in FY2021. This project is for the improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).

In 2021, we continued the execution of four ongoing maintenance projects, which had been secured since January 2018.

List of Ongoing Maintenance Projects

No	Description of ongoing maintenance projects	Date of Commencement	Estimated Date of Completion	Contract Value (\$)
1.	Improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas) (1180028)	January 2018	April 2022 (extended)	13,836,000
2.	Improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates) (1190009)	January 2019	February 2022 (extended)	13,923,000
3.	Term contract for road related facilities, road structures and road safety schemes for East Sector (TR332A)	May 2020	September 2023 (extended)	31,587,000
4.	Improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea) (1210147)	April 2021	May 2023	8,383,000



Commuter and road infrastructure works in Pasir Ris and Loyang under one of OKP's ongoing construction projects.



OKP is involved in the improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).



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

In addition to the above projects, two road ongoing maintenance contracts, comprising one for Expressway (TR310A) and another for North East Sector (TR310B), are being carried out by a joint venture partnership, Eng Lam – United E&P JV.

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

III. RENTAL INCOME

Rental income contributed \$7.1 million or 7.9 per cent of our Group's total revenue for FY2021, up from \$6.3 million in the previous year.

The increase in rental income derived from investment properties was mainly attributed to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia, which was fully occupied as at the end of FY2021. The Group also received additional rental income from its newly acquired investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road, all of which were purchased in FY2021.



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

OUR OPERATING AND FINANCIAL REVIEW
OUR OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

Income Statement

	FY2021 \$'000	FY2020 \$'000	Change \$'000	Change
Revenue				
- Construction	56,560	46,065	10,495	22.8%
- Maintenance	26,405	17,244	9,161	53.1%
- Rental income	7,070	6,318	752	11.9%
Total revenue	90,035	69,627	20,408	29.3%
Cost of sales	(83,241)	(62,251)	(20,990)	33.7%
Gross profit	6,794	7,376	(582)	(7.9%)
Gross profit margin	7.5%	10.6%		
Other gain/(loss), net	7,739	10,703	(2,964)	(27.7%)
Expenses				
- Administrative	(9,298)	(12,117)	2,819	(23.3%)
- Finance	(1,138)	(1,163)	25	(2.1%)
Share of results of associated companies and joint ventures (net of tax)	351	(366)	717	195.9%
Profit before income tax	4,448	4,433	15	0.3%
Income tax expense	(213)	(478)	265	(55.4%)
Net profit	4,235	3,955	280	7.1%
Net profit margin	4.7%	5.7%		
Profit attributable to:				
Equity holders of the Company	1,515	3,293	(1,778)	(54.0%)
Non-controlling interests	2,720	662	2,058	310.9%
	4,235	3,955	280	7.1%

Balance Sheet

	FY2021 \$'000	FY2020 \$'000	Change \$'000	Change
Current assets				
- Cash and cash equivalents	51,031	79,097	(28,066)	(35.5%)
- Trade and other receivables	8,023	9,729	(1,706)	(17.5%)
- Contract assets	15,584	14,239	1,345	9.4%
- Inventories	1,687	-	1,687	n.m.
Non-current assets				
- Investments in joint ventures	32	36	(4)	(11.1%)
- Investments in associated companies	915	411	504	122.6%
- Investment properties	78,487	52,107	26,380	50.6%
- Other receivables	11,775	8,925	2,850	31.9%
- Property, plant and equipment	33,581	30,784	2,797	9.1%
- Intangible assets	1,725	1,751	(26)	(1.5%)
- Deferred income tax assets	294	-	294	n.m.
Total assets	203,134	197,079	6,055	3.1%
Current liabilities				
- Trade and other payables	(20,729)	(20,180)	549	2.7%
- Contract liabilities	-	(8,934)	(8,934)	n.m.
- Borrowings	(16,021)	(7,272)	8,749	120.3%
- Provisions	-	(1,400)	(1,400)	n.m.
- Current income tax liabilities	(571)	(764)	(193)	(25.3%)
Non-current liabilities				
- Other payables	(15,275)	(9,913)	5,362	54.1%
- Borrowings	(24,403)	(24,329)	74	0.3%
- Deferred income tax liabilities	(863)	(1,104)	(241)	(21.8%)
Total liabilities	(77,862)	(73,896)	3,966	5.5%
Net assets	125,272	123,183	2,089	1.7%
Total shareholders' equity	121,709	122,144	(435)	(0.4%)
Non-controlling interests	3,563	1,039	2,524	242.9%
Total equity	125,272	123,183	2,089	1.7%

n.m. :not meaningful



OKP is involved in the widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10.



The term contract for road related facilities, road structures and road safety schemes for East Sector is an ongoing project.

OUR OPERATING AND FINANCIAL REVIEW

OUR OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

Revenue

Our Group reported a 29.3 per cent or \$20.4 million increase in revenue to \$90.0 million during the financial year ended 31 December 2021 (FY2021) as compared to \$69.6 million during the financial year ended 31 December 2020 (FY2020). The increase was due mainly to a 22.8 per cent increase in revenue from the construction segment to \$56.5 million, a 53.1 per cent increase in revenue from the maintenance segment to \$26.4 million, and an 11.9 per cent increase in rental income.

The increase in revenue from both the construction and maintenance segments was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2020 coupled with the higher percentage of revenue recognised from a number of existing and newly awarded construction and maintenance projects during FY2021.

The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia, as well as rental income from the newly acquired investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road during FY2021.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 62.8 per cent (FY2020: 66.2 per cent), 29.3 per cent (FY2020: 24.7 per cent) and 7.9 per cent (FY2020: 9.1 per cent) of our Group's revenue respectively for FY2021.

Gross profit and gross profit margin

	The Group					
	Financial year ended 31 Dec				Increase/(Decrease)	
	2021		2020			
	\$'000	Gross Profit Margin	\$'000	Gross Profit Margin	\$'000	%
Construction						
Maintenance	2,054	2.5%	3,039	4.8%	(985)	(32.4)
Rental income	4,740	67.0%	4,337	68.6%	403	9.3
Total gross profit	6,794	7.5%	7,376	10.6%	(582)	(7.9)

Our gross profit for FY2021 decreased by 7.9 per cent or \$0.6 million from \$7.4 million for FY2020 to \$6.8 million for FY2021.

While the rental income segment demonstrated an increase in contribution to gross profit of \$0.4 million from \$4.3 million for FY2020 to \$4.7 million for FY2021, there is a decrease of \$1.0 million in that of the construction and maintenance segments, from \$3.0 million in FY2020 to \$2.0 million in FY2021.

Cost of sales

	The Group			
	Financial year ended 31 Dec		Increase/(Decrease)	
	2021	2020		
	\$'000	\$'000	\$'000	%
Construction	80,911	60,270	20,641	34.2
Maintenance				
Rental income	2,330	1,981	349	17.6
Total cost of sales	83,241	62,251	20,990	33.7

Our cost of sales increased by 33.7 per cent or \$21.0 million from \$62.2 million for FY2020 to \$83.2 million for FY2021. The increase in cost of sales was due mainly to:

- an increase in sub-contracting costs which were mainly costs incurred for pre-mix works, signages, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually sub-contracted to external parties;
- an increase in the cost of construction materials due to higher utilisation of materials and increase in prices of construction materials;
- an increase in labour costs due mainly to the increase in number of headcount coupled with the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2020; and
- an increase in overheads such as upkeep of machineries, worksite expenses and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects.

Our gross profit margin for the construction and maintenance segments decreased from 4.8 per cent for FY2020 to 2.5 per cent for FY2021 due mainly to lower profit margins for new and some current construction and maintenance projects as a result of the increase in overheads, prices of materials and rising manpower costs.

Overall, the negative impact from the Covid-19 situation on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2021. Gross profit margin for rental income segment remained at 67.0 per cent and 68.6 per cent in FY2021 and FY2020 respectively.

Other gains, net

Other gains decreased by \$3.0 million or 27.7 per cent from \$10.7 million for FY2020 to \$7.7 million for FY2021. The decrease was due mainly to:

- (a) a decrease in receipt of payouts and rebates from the government by \$4.6 million which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by Covid-19;
- (b) the one-off reversal of impairment allowance made of \$1.2 million following the completion of the disposal of a former associated company, CS Amber Development Pte Ltd in FY2020, which did not recur in FY2021;
- (c) a decrease in interest income received of \$0.4 million due to lower interest income earned from bank deposits; and
- (d) a decrease in the gain on foreign exchange of \$1.8 million arising from the revaluation of assets denominated in Australian dollar to Singapore dollar, which were partially offset by:
- (e) an increase in net fair value gain of \$5.0 million resulting from a fair value loss of \$0.7 million in FY2020 to a fair value gain of \$4.3 million in FY2021, arising from the revaluation of some of the investment properties.

Administrative expenses

Administrative expenses decreased by \$2.8 million or 23.2 per cent from \$12.1 million for FY2020 to \$9.3 million for FY2021. The decrease was largely due to the decrease in legal fees incurred for a court trial which had concluded during FY2021, which was partially offset by an increase in salary costs in FY2021.

Finance expenses

Finance expenses decreased by \$25,000 or 2.1 per cent for FY2021. The decrease was due mainly to:

- (a) a decrease in interest expense of \$56,000 due mainly to the interest saved as a result of repayment of principal of a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia, offset by an increase in interest expense incurred for borrowings to purchase the investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road; and
- (b) a decrease of \$85,000 in lease liabilities arising from the repayment of lease liabilities, offset by additions of lease liabilities, which were partially offset by:
- (c) an increase in notional interest on loan of \$116,000 resulting from fair value adjustment of loan from a non-controlling shareholder.

Share of results of associated companies and joint ventures

	The Group	
	Financial year ended 31 Dec	
	2021	2020
	\$'000	\$'000
Share of (loss)/profit of joint ventures	(4)	327
Share of profit/(loss) of associated companies	355	(693)
	351	(366)

The share of results of associated companies and joint ventures increased by \$0.8 million or 195.9 per cent from a loss of \$0.4 million for FY2020 to a profit of \$0.4 million for FY2021. The increase was due mainly to the share of profit from the Group's 22.5 per cent-held associated company, Chong Kuo Development Pte Ltd, which was partially offset mainly by the share of loss from the Group's 25 per cent-owned joint venture company, USB Holdings Pte Ltd, during FY2021.

Profit before income tax

Profit before income tax remained comparable at \$4.4 million in FY2021 and FY2020. The slight increase was due mainly to (1) the increase in share of profit of associated companies and joint ventures of \$0.8 million, and (2) the decrease in administrative expenses of \$2.8 million, which were partially offset by (1) the decrease in gross profit of \$0.6 million and (2) the decrease in other gains (net) of \$3.0 million, as explained above.



OKP is involved in the construction of covered linkways to Thomson East Coast Line Stage 1, 2 and 3 Stations.

OUR OPERATING AND FINANCIAL REVIEW OUR OPERATING AND FINANCIAL REVIEW



Proposed construction of new infrastructure at Tukang Estate is an ongoing OKP's construction project.

Income tax expense

Income tax expense decreased by \$0.3 million or 55.4 per cent from \$0.5 million in FY2020 to \$0.2 million in FY2021 due mainly to recognition of deferred tax assets arising from our Australian subsidiary corporation.

The effective tax rates for FY2021 and FY2020 were 4.8 per cent and 10.8 per cent respectively.

The effective tax rate for FY2021 was lower than the statutory tax rate of 17.0 per cent due mainly to (1) deferred tax assets of \$0.3 million arising from the movements in fair value in the investment property owned by our Australian subsidiary corporation, (2) the profit before income tax of \$4.4 million which comprised share of profit of associated companies and joint ventures of \$0.4 million, which was already taxed at the associated company and joint venture levels, (3) statutory stepped income tax exemption, (4) certain income being not subject to tax, and (5) certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests of \$2.7 million was due to the share of profit of our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in FY2021.

Net profit

Overall, net profit increased by \$0.2 million or 7.1 per cent, from \$4.0 million for FY2020 to \$4.2 million for FY2021, following the decrease in income tax expense of \$0.2 million, as explained above.

Our net profit margin decreased from 5.7 per cent for FY2020 to 4.7 per cent for FY2021.

BALANCE SHEET

Current assets

Current assets decreased by \$26.7 million, from \$103.0 million as at 31 December 2020 to \$76.3 million as at 31 December 2021. The decrease was due mainly to:

- (a) a decrease in cash and cash equivalents of \$28.0 million. This was due mainly to the cash used in operating activities of \$6.0 million, cash used in investing activities of \$30.6 million, partially offset by cash provided by financing activities of \$8.6 million; and
- (b) a decrease in trade and other receivables of \$1.7 million due to settlement of billings by a joint venture, receipt of government grant receivable, recovery of advances to suppliers/subcontractors and utilisation of deposits due to utilisation of deposit paid for acquisition of an investment property, offset by a decrease in trade receivables from non-related parties,

which were partially offset by:

- (c) an increase in contract assets of \$1.3 million, due mainly to an increase in construction contract due from customers arising from higher unbilled amounts expected to be collected from customers following the higher revenue recognised; and
- (d) an increase of \$1.7 million in inventories arising from the purchase of materials for existing construction and maintenance projects.

Non-current assets

Non-current assets increased by \$32.8 million, from \$94.0 million as at 31 December 2020 to \$126.8 million as at 31 December 2021. The increase was due mainly to:

- (a) an increase in investments in associated companies of \$0.5 million arising from the share of profit of an associated company of \$0.3 million and a notional fair value adjustment arising from the extension of loan repayment period of loans extended to an associated company of \$0.2 million;
- (b) an increase in investment properties of \$26.4 million resulting from the acquisition of properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road, and a net fair value gain of \$4.4 million arising from the revaluation of some investment properties, offset by an exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Western Australia due to the appreciation of Singapore dollar against the Australian dollar;
- (c) an increase in other receivables of \$2.8 million due to an advance extended to an associated company, USB Holdings Pte Ltd of \$3.0 million, offset by a notional fair value adjustment of \$0.2 million;

- (d) an increase in property, plant and equipment of \$0.8 million resulting mainly from the purchase of new property, plant and equipment, which was partially offset by disposal and depreciation of property, plant and equipment;
 - (e) an increase in right-of-use assets of \$2.0 million resulting from the addition of new plant and equipment acquired to support the new and existing projects, which was partially offset by disposal and depreciation; and
 - (f) an increase in deferred income tax assets arising from the capital gain on an investment property in Australia.
- (e) an increase in lease liabilities of \$0.1 million arising from the purchase of plant and machineries and use of state land, offset by the repayment of lease liabilities; and
 - (f) an increase in bank borrowings of \$8.6 million arising from the borrowing of \$9.1 million to finance the purchase of investment properties at 69 and 71 Kampong Bahru Road, offset by a repayment of existing borrowing of \$0.5 million.

Current liabilities

Current liabilities decreased by \$1.2 million, from \$38.5 million as at 31 December 2020 to \$37.3 million as at 31 December 2021. The decrease was due mainly to:

- (a) a decrease in contract liabilities of \$8.9 million due to the recovery of advance payments for ongoing public sector projects arising from the support measures for built environment firms affected by Covid-19;
- (b) a decrease in provisions of \$1.4 million due to the conclusion of a court trial; and
- (c) a decrease in current income tax liabilities of \$0.2 million due to lower tax provision due to the recognition of deferred tax assets arising from the Australian subsidiary corporation,

which were partially offset by:

- (d) an increase in trade and other payables of \$0.6 million arising from (1) an increase in trade payables of \$1.6 million, and (2) advances from a non-controlling interest of \$0.2 million, which were partially offset by (1) receipt of deferred grant income of \$0.5 million arising from the Job Support Scheme for Tier 1 Built Environment sector, and (2) higher accrued operating expenses related to project costs of \$0.7 million;

Non-current liabilities

Non-current liabilities increased by \$5.2 million, from \$35.3 million as at 31 December 2020 to \$40.5 million as at 31 December 2021. The increase was due mainly to (1) an increase in other payables of \$5.3 million arising from advances from a non-controlling shareholder, and (2) an increase in lease liabilities of \$1.2 million arising from the purchase of plant and machineries to support the existing projects offset by the repayment of lease liabilities, which were partially offset by (1) repayment of bank borrowings of \$1.1 million and (2) a decrease in deferred income tax liabilities of \$0.2 million, during FY2021.

Shareholders' equity

Shareholders' equity, comprising share capital, treasury shares, other reserves, retained profits and non-controlling interests, increased by \$2.1 million, from \$123.2 million as at 31 December 2020 to \$125.3 million as at 31 December 2021. The increase was due mainly to:

- (a) the profits generated from operations of \$1.5 million attributable to equity holders of the Company and non-controlling interests of \$2.7 million arising from the share of profit of Raffles Prestige Capital Pte Ltd, which was partially offset by:
- (b) the dividend payment to shareholders of \$2.1 million, during FY2021.



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

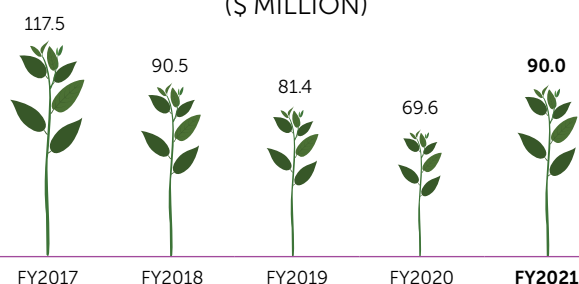


Road maintenance contract for Expressway is an ongoing project by OKP.

OUR OPERATING AND FINANCIAL REVIEW
OUR OPERATING AND FINANCIAL REVIEW

REVENUE

REVENUE
(\$'MILLION)

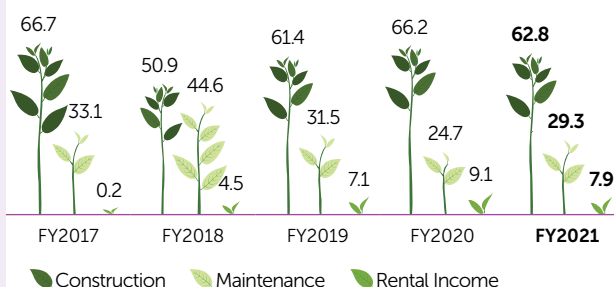


Revenue in FY2021 increased by 29.3 per cent to \$90.0 million compared to \$69.6 million in FY2020.

The revenue from both the construction and maintenance segments increased largely because construction activities resumed in mid-2021 after their temporary cessation in compliance with the government's Covid-19 measures. There was also a higher percentage of revenue recognised from a number of existing and newly awarded projects during FY2021.

The increase in rental income generated from investment properties was attributed largely to rental income from the property at 6-8 Bennett Street, East Perth, Western Australia, and from the newly acquired investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road during FY2021.

REVENUE BY BUSINESS SEGMENT
(PER CENT)

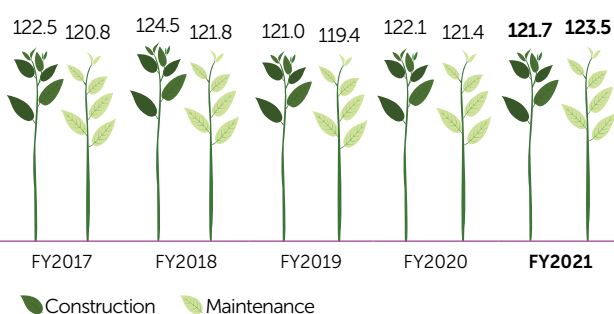


The construction segment continued to be the major contributor to our Group's revenue, contributing \$56.5 million, a 22.8 per cent rise compared to FY2020's figure. Revenue from the maintenance segment increased by 53.1 per cent to \$26.4 million. Rental income increased by 11.9 per cent to \$7.1 million.

On a segmental basis, our construction segment accounted for 62.8 per cent of total revenue, the maintenance segment accounted for 29.3 per cent, and the remaining 7.9 per cent from rental income.

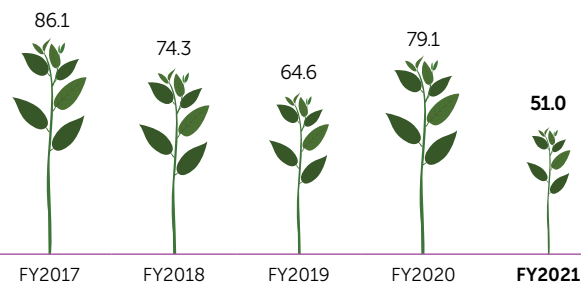
BALANCE SHEET

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



Shareholders' equity decreased to \$121.7 million in FY2021 from \$122.1 million in FY2020 and net tangible assets increased to \$123.5 million in FY2021 from \$121.4 million in FY2020.

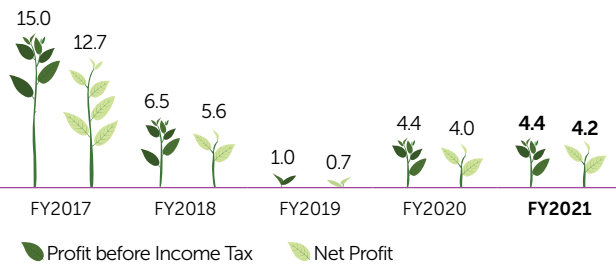
CASH AND CASH EQUIVALENTS
(\$'MILLION)



We continued to have a stable and healthy cash flow for FY2021 although our cash and cash equivalents dipped to \$51.0 million as at 31 December FY2021 from \$79.1 million as at 31 December 2020.

PROFITABILITY

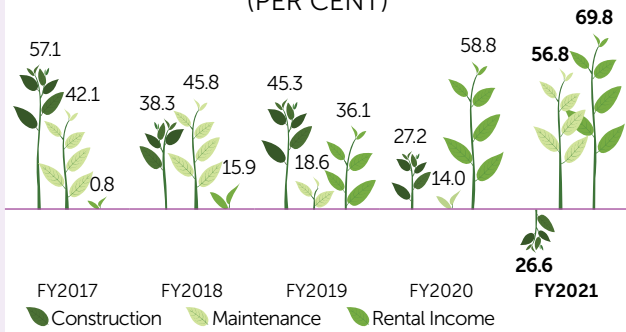
PROFIT BEFORE INCOME TAX AND NET PROFIT
(\$'MILLION)



Profit before income tax remained comparable at \$4.4 million in FY2021 and FY2020. The slight increase was due mainly to the increase in share of profit of associated companies and joint ventures of \$0.8 million and the decrease in administrative expenses of \$2.8 million, which were partially offset by the decrease in gross profit of \$0.6 million and the decrease in other gains (net) of \$3.0 million.

Net profit increased by \$0.2 million or 7.1 per cent, from \$4.0 million for FY2020 to \$4.2 million for FY2021, following the decrease in income tax expense of \$0.2 million.

PROFIT BY BUSINESS SEGMENT
(PER CENT)

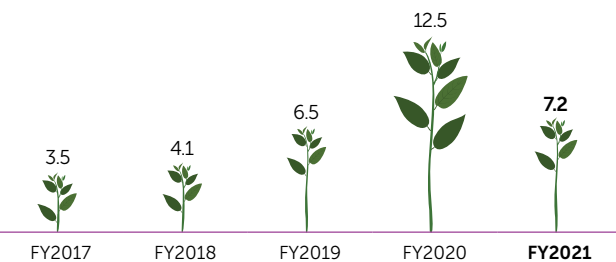


The decrease in profit contributed by the construction segment in FY2021 was due mainly to lower profit margins for new and some current construction projects as a result of the increases in overheads, prices of materials and manpower costs.

The increase in profit contributed by the maintenance segment was due mainly to the finalisation of a few existing projects during FY2021.

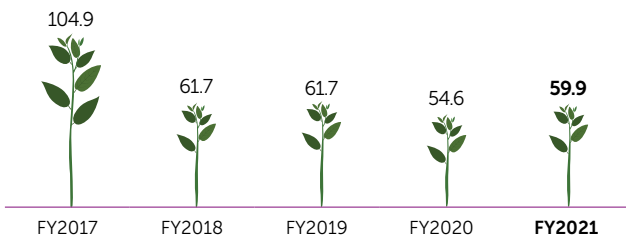
The increase in profit contributed by the rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia and the newly acquired properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road during FY2021.

CAPITAL EXPENDITURE
(\$'MILLION)



Capital expenditure for FY2021 was mainly for the purchase of new plant and equipment to support existing and newly awarded projects.

MARKET CAPITALISATION
(\$'MILLION)

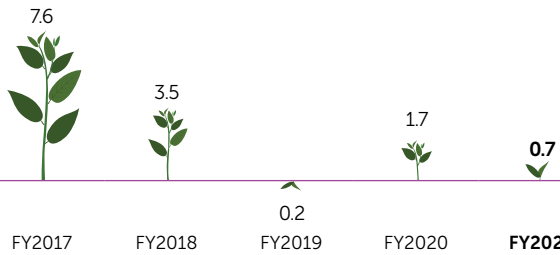


The Group's market capitalisation stood at \$59.9 million as at 31 December 2021, up from \$54.6 million as at 31 December 2020.

OUR OPERATING AND FINANCIAL REVIEW
OUR OPERATING AND FINANCIAL REVIEW

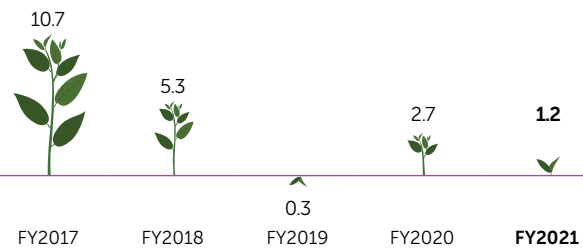
FINANCIAL RATIOS – PROFITABILITY

RETURN ON ASSETS
(PER CENT)



Due to the lower net profit, return on assets decreased to 0.7 per cent in FY2021 from 1.7 per cent in FY2020.

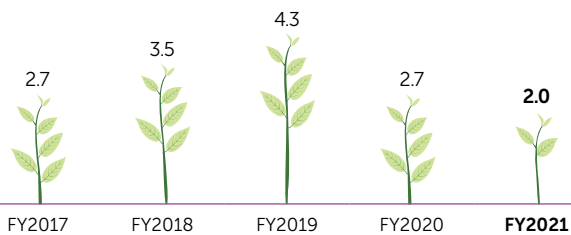
RETURN ON EQUITY
(PER CENT)



Due to the lower net profit reported in FY2021, return on equity decreased to 1.2 per cent in FY2021 from 2.7 per cent in FY2020.

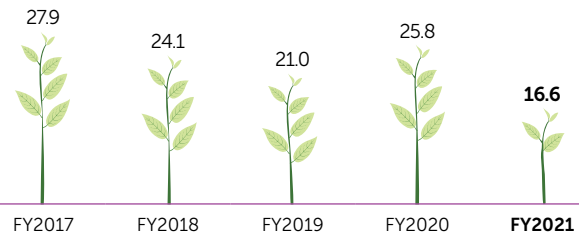
FINANCIAL RATIOS – LIQUIDITY

CURRENT RATIO
(TIMES)



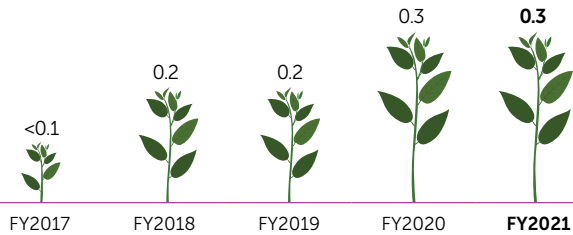
The Group continued to be strong in its short-term financial position as the current ratio stood at 2.0 times for FY2021.

CASH PER SHARE
(CENTS)

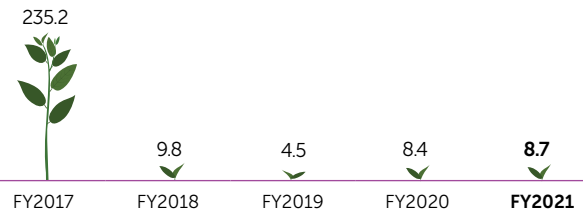


With a lower cash and cash equivalents, cash per share decreased to 16.6 cents as at 31 December 2021 from 25.8 cents as at 31 December 2020.

FINANCIAL RATIOS – LEVERAGE

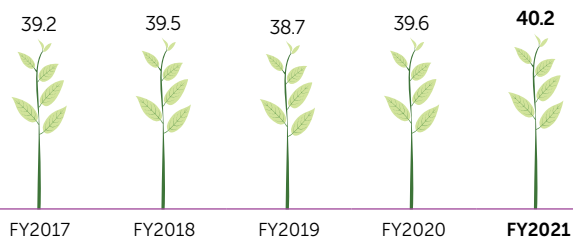
TOTAL DEBT-TO-TOTAL-EQUITY RATIO
(TIMES)

Our debt-to-equity ratio remained at 0.3 times in FY2021 and FY2020.

INTEREST COVER RATIO
(TIMES)

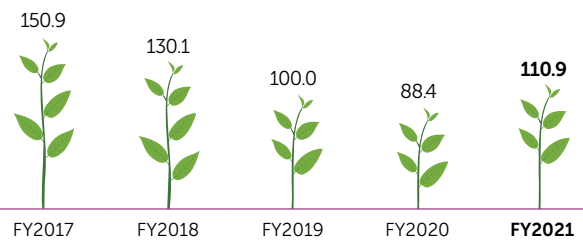
Our interest cover ratio increased to 8.7 times in FY2021 due to higher earnings before income tax, depreciation and amortisation (EBITDA), from 8.4 times in FY2020.

FINANCIAL RATIO – PRODUCTIVITY

NET TANGIBLE ASSETS PER SHARE
(CENTS)

The Group's net tangible assets increased by 1.7 per cent from \$121.4 million in FY2020 to \$123.5 million in FY2021.

Net tangible assets per share increased to 40.2 cents per share in FY 2021 as compared to 39.6 cents per share in FY2020.

REVENUE PER EMPLOYEE
(\$'000)

Revenue per employee was \$110,900 in FY2021 as compared to \$88,400 in FY2020 due to the increase in revenue.

OUR OPERATING AND FINANCIAL REVIEW
**CORPORATE LIQUIDITY AND
CASH RESOURCES**

	FY2021 \$'000	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000
Group's consolidated statement of cash flows					
Cash flows (used in)/provided by operating activities	(5,992)	18,694	(219)	(2,504)	17,492
Cash flows (used in)/provided by investing activities	(30,627)	(302)	(3,259)	(36,991)	(174)
Cash flows provided by/(used in) financing activities	8,583	(4,223)	(6,151)	27,128	(5,879)
Net (decrease)/increase in cash and cash equivalents	(28,036)	14,169	(9,629)	(12,367)	11,439
Cash and cash equivalents at the beginning of the financial year	73,958	59,551	69,231	81,551	70,112
Effects of currency translation on cash and cash equivalents	(87)	238	(51)	47	-
Cash and cash equivalents at the end of the financial year	45,835	73,958	59,551	69,231	81,551
Comprise of:					
Cash at bank and on hand	15,822	29,084	14,429	25,702	27,174
Short-term bank deposits	35,062	49,658	49,892	48,451	58,933
Trust account - Cash at bank	147	355	316	122	-
Short-term bank deposits pledged to banks	51,031	79,097	64,637	74,275	86,107
	(5,196)	(5,139)	(5,086)	(5,044)	(4,556)
Cash and cash equivalents per consolidated statement of cash flows	45,835	73,958	59,551	69,231	81,551



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



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



OKP purchased a rotary drilling rig for its construction works.

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 \$6.0 million used in operating activities in FY2021 as compared to net cash of \$18.7 million provided by operating activities in FY2020. The \$24.7 million decrease in net cash provided by operating activities was due mainly to:

- (a) a decrease in net cash generated from operating activities before working capital changes of \$2.7 million;
- (b) a decrease in net working capital inflow of \$21.2 million;
- (c) a decrease in interest received of \$0.4 million; and
- (d) an increase in income tax paid of \$0.4 million, during FY2021.

Net cash provided by investing activities increased by \$30.3 million was due mainly to:

- (a) an increase in additions in right-of-use assets of \$0.4 million;
- (b) an increase in cash used in the purchase of investment properties of \$24.4 million;
- (c) an increase in advances extended to an associated company of \$0.8 million; and
- (d) a decrease in proceeds from cash provided by investing activities in FY2020 which did not recur in FY2021, including (1) the disposal of assets classified as held for sale of \$11.0 million, (2) dividend received in joint ventures of \$0.4 million, and (3) capital reduction in a joint venture of \$0.1 million, which were partially offset by:
 - (e) an increase in proceeds from disposal of property, plant and equipment and right-of-use assets of \$0.1 million; and
 - (f) a decrease in cash used in the purchase of property, plant and equipment of \$6.7 million, during FY2021.

Net cash provided by financing activities increased by \$12.8 million, from net cash used in financing activities of \$4.2 million in FY2020 to net cash provided by financing activities of \$8.6 million in FY2021. The increase was due mainly to (1) an increase in advance from a non-controlling shareholder of \$5.0 million, (2) an increase in the proceeds from bank borrowings of \$7.2 million, (3) a decrease in repayment of lease liabilities of \$0.6 million, (4) a decrease in interest paid of \$0.1 million, and (5) purchase of treasury shares of \$0.2 million in FY2020, which did not recur in FY2021.

The inflow was partially offset by an increase in repayment of borrowings of \$0.2 million during FY2021.

Overall, free cash and cash equivalents stood at \$45.8 million as at 31 December 2021, a decrease of \$28.2 million from \$74.0 million as at 31 December 2020. This works out to cash of 14.9 cents per share as at 31 December 2021 as compared to 24.1 cents per share as at 31 December 2020 (based on 306,961,494 issued shares excluding treasury shares as at 31 December 2021 and 31 December 2020).



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

OUR OPERATING AND FINANCIAL REVIEW
CORPORATE LIQUIDITY AND CASH RESOURCES

	FY2021 \$'000	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000
Net indebtedness					
Due within one year:					
– Bank borrowings	13,934	5,315	756	768	-
– Lease liabilities	2,087	1,957	2,005	1,307	1,067
	16,021	7,272	2,761	2,075	1,067
Due after one year:					
– Bank borrowings	20,087	21,190	22,781	23,902	-
– Lease liabilities	4,316	3,139	4,375	2,125	1,414
	24,403	24,329	27,156	26,027	1,414
Total debt	40,424	31,601	29,917	28,102	2,481

The finance lease liabilities of \$6.4 million (FY2020: \$5.1 million) are secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the leases.

The bank borrowings of \$34.0 million (FY2020: \$26.5 million) is secured by first legal mortgage over an investment property and a freehold property of the

Group, certain bank deposits, the Group's shares in a subsidiary corporation and corporate guarantee of the Company.

The increase in debt amount from \$31.6 million as at FY2020 to \$40.4 million as at FY2021 as a result of acquisition of freehold investment properties at 69 and 71 Kampong Bahru Road during FY2021.



Newly purchased crawler crane to support OKP's construction projects.



OKP purchased a jacking machine to support its sewer-related projects.

OUR OPERATING AND FINANCIAL REVIEW

VALUE ADDED STATEMENT

	FY2021 \$'000	FY2020 \$'000	FY2019 \$'000	FY2018 \$'000	FY2017 \$'000					
Revenue	90,035	69,627	81,396	90,449	117,530					
Less: Purchase of goods and services	(55,699)	(37,816)	(43,940)	(41,867)	(64,211)					
Gross value added from operations	34,336	31,811	37,456	48,582	53,319					
Other income	8,779	9,992	2,711	2,144	1,020					
Gain/(loss) on foreign exchange	(1,040)	711	(168)	(778)	(224)					
Share of results of associated companies and joint ventures	351	(367)	(1,039)	(121)	2,520					
	8,090	10,336	1,504	1,245	3,316					
Total value added available for distribution	42,426	42,147	38,960	49,827	56,635					
DISTRIBUTION										
		%	%	%	%					
To employees										
(1) Salaries and other staff costs	35,064	83	29,763	71	30,866	79	30,752	62	33,844	60
To government										
(1) Corporate and property taxes	349	1	552	1	456	1	1,043	2	2,384	4
To providers of capital:										
(1) Finance costs	696		837		976		900		76	
(2) Dividends to shareholders	2,149		2,153		3,084		6,169		4,626	
	2,845	6	2,990	7	4,060	11	7,069	14	4,702	8
Balance retained in the business:										
(1) Depreciation and amortisation	4,304		4,210		3,487		3,444		2,812	
(2) Unappropriated profits	1,515		3,293		(378)		6,488		12,716	
(3) Minority interests	2,720		662		1,059		(842)		-	
	8,539	20	8,165	19	4,168	11	9,090	18	15,528	28
Non-production costs and income:										
(1) Non-trade receivables written off	-	-	-	-	-	-	-	-	27	-
(2) Fair value (gain)/loss on investment properties	(4,371)	(10)	677	2	(590)	(2)	1,873	4	150	-
Total distribution	42,426	100	42,147	100	38,960	100	49,827	100	56,635	100
PRODUCTIVITY ANALYSIS										
Number of employees	812		788		814		695		779	
Value added per employee (\$'000)	52		53		48		72		73	
Value added per dollar of employment cost	1.2		1.4		1.3		1.6		1.7	
Value added per dollar of investment in fixed assets (before depreciation)	0.5		0.6		0.6		0.9		1.1	
Value added per dollar of revenue	0.5		0.6		0.5		0.6		0.5	

Total value-added created by the Group in FY2021 maintained at \$42.4 million and \$42.1 million in FY2021 and FY2020 respectively.

In FY2021, about \$35.1 million or 83.0 per cent of the value-added was paid to employees in the form of salaries and wages. \$0.3 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while \$2.8 million or 6.0 per cent was paid as dividends and

interests to financial institutions. Balance of \$8.5 million was retained by the Group for its future growth.

In FY2020, about \$29.8 million or 71.0 per cent of the value-added was paid to employees in the form of salaries and wages. \$0.6 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while \$3.0 million or 7.0 per cent was paid as dividends and interests to financial institutions. Balance of \$8.2 million was retained by the Group for its future growth.

OUR OPERATING AND FINANCIAL REVIEW

**OUR PROPERTY
PORTFOLIO**



THE ESSENCE

Development Property
SINGAPORE - Ongoing

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

The Group, together with a joint venture partner, won the tender to acquire a land parcel at Chong Kuo Road for \$43.9 million in February 2018 to redevelop the 99-year leasehold site into an 84-unit condominium. The development called The Essence was launched in March 2019 with favourable response and is now fully sold.

Comprising two five-storey blocks, the condominium has one-bedroom to three-bedroom apartments, and is equipped with facilities including a lap pool, kids' pool, gymnasium and pool pavilion. The Essence is expected to receive its temporary occupation permit (TOP) in February 2023.

Surrounded by beautiful parks and nature reserves, The Essence is also located near the Springleaf MRT station and a short distance away from shopping malls and schools in the neighbourhood.

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



PHOENIX RESIDENCES

Development Property
SINGAPORE - Ongoing

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

Acquired at \$33.10 million in 2018 through a successful tender by the Group's 25.0 per cent-owned associated company, USB Holdings Pte. Ltd., Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure. Marketing efforts are being stepped up and have received positive response. The project is expected to receive its TOP in November 2023.

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



LAKELIFE

Development Property
SINGAPORE - Completed

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

Lakelife is a 546-unit executive condominium project with 99-year leasehold tenure at Yuan Ching Road.

Launched in 2014, Lakelife boasts the record of being the fastest seller in the district, with more than 1,200 e-applications within three days of its launch and sold 95 per cent of the units on the day of its launch. It was completed in 2016.

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



6-8 BENNETT STREET

Investment Property
AUSTRALIA

Type	Stake	Net Lettable Area
Office Building	51.0%	109,027 square feet
Location	Tenure	Land Area
6-8 Bennett Street in East Perth	Freehold	33,530 square feet
Fair Value as at 31 Dec 2021		
\$42.6 million		

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

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

OUR OPERATING AND FINANCIAL REVIEW
OUR PROPERTY PORTFOLIO



69 AND 71 KAMPONG BAHRU ROAD

Investment Property
Singapore

Type

Two adjoining two-storey shophouses

Stake

51%

Location

69 and 71 Kampong Bahru Road

Tenure

Freehold

Gross Floor Area

5,725 square feet

Fair Value as at 31 Dec 2021

\$12.8 million

The Group acquired 69 and 71 Kampong Bahru Road for \$12.4 million in May 2021. The freehold properties comprise a pair of adjoining two-storey conservation shophouses, occupying a land area of approximately 2,343 square feet.

Kampong Tiong Bahru is a subzone within the planning area of Bukit Merah, Singapore. Its boundary is made up of the Ayer Rajah Expressway (AYE) in the south; Kampong Bahru Road in the east; Jalan Bukit Merah in the north; and Lower Delta Road in the west.



35 KRETA AYER ROAD

Investment Property
Singapore

Type

Three-storey shophouse

Stake

51%

Location

35 Kreta Ayer Road

Tenure

Freehold

Gross Floor Area

4,240 square feet

Fair Value as at 31 Dec 2021

\$15.0 million

The Group acquired 35 Kreta Ayer Road for \$11.3 million in January 2021. The property has a freehold tenure and comprises a three-storey with attic shophouse, occupying a land area of approximately 1,568 square feet.

The property is located in the bustling Bukit Pasoh Conservation Area. It is located just 100 metres from the upcoming Maxwell MRT station on the Thomson-East Coast Line, which is slated to open in 2022. The property is also within walking distance to Outram Park MRT interchange and Chinatown MRT interchange.



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

Investment Property
Singapore

Type

Apartment

Stake

100%

Location

190 Moulmein Road,
#10-03 The Huntington

Tenure

Freehold

Gross Floor Area

1,152 square feet

Fair Value as at 31 Dec 2021

\$2.0 million

This freehold apartment at 190 Moulmein Road has a fair value of \$2.0 million.

It is held for investment.



**6 TAGORE DRIVE
B1-05**

Investment Property
Singapore

Type

Office unit

Stake

100%

Location

6 Tagore Drive B1-05

Tenure

Freehold

Gross Floor Area

2,486 square feet

Fair Value as at 31 Dec 2021

\$1.6 million

This freehold office unit located on the basement of a four-storey industrial building has a fair value of \$1.6 million and is held for investment.



**6 TAGORE DRIVE
B1-06**

Investment Property
Singapore

Type

Office unit

Stake

100%

Location

6 Tagore Drive B1-06

Tenure

Freehold

Gross Floor Area

2,626 square feet

Fair Value as at 31 Dec 2021

\$1.7 million

This freehold office unit at 6 Tagore Drive B1-06 has a fair value of \$1.7 million. It is held for investment.



**7 WOODLANDS INDUSTRIAL
PARK E2**

Investment Property
Singapore

Type

Factory

Stake

100%

Location

7 Woodlands Industrial Park E2

Tenure

60-year lease from 25 Sep 2006

Gross Floor Area

7,319 square feet

Fair Value as at 31 Dec 2021

\$2.9 million

This three-storey terrace factory at 7 Woodlands Industrial Park E2, which has a fair value of \$2.9 million, is held for investment. It has a 60-year lease from 25 September 2006.

SUPPORTING VARIOUS PARTNERS

ENSURING SUCCESS TOGETHER



Comprising two or more predominant kinds of trees, the **MIXED FORESTS** are commonly found on the plains and in the low-mountain zones in humid temperate regions.



**OVER THE PAST DECADES,
WE HAVE GROWN AS A COMPANY
MAINLY DUE TO THE SUPPORT OF
OUR VARIOUS CLIENTS AND PARTNERS.
WE LOOK FORWARD TO FORGING
CLOSER COLLABORATION WITH THEM FOR
NEW REPEAT BUSINESS AS WELL AS
TO EXPLORING NEW BUSINESS
OPPORTUNITIES WITH OTHER PARTIES.**

OUR OPERATING AND FINANCIAL REVIEW
**SUSTAINABILITY
REPORT**

BOARD STATEMENT

Sustainability Strategy

The Board believes that sustainability means operating our business in a way that is not only financially rewarding but also makes an affirmative impact on our stakeholders and the environment. It is a strategic methodology that leads to better management, greater effectiveness and improved business performance. We give priority to sustainability issues in planning our strategies for the Group. The Board is committed to sustainability and fully supports the adoption of the new Singapore Exchange (SGX) sustainability reporting guidelines for all listed companies.

Sustainability Framework

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

Sustainability Governance

With the Covid-19 crisis causing major upheavals for businesses worldwide, companies are required to undertake prompt actions to deal with the pandemic.

During the financial year ended 31 December 2021, the Board together with the management reviewed OKP's sustainability aims, challenges, targets and progress, especially during this Covid-19 period. The management provides frequent updates to the Board, and in turn, the management is evaluated by its success in executing the Group's strategic plans to meet the expectations of stakeholders' and the Board.

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

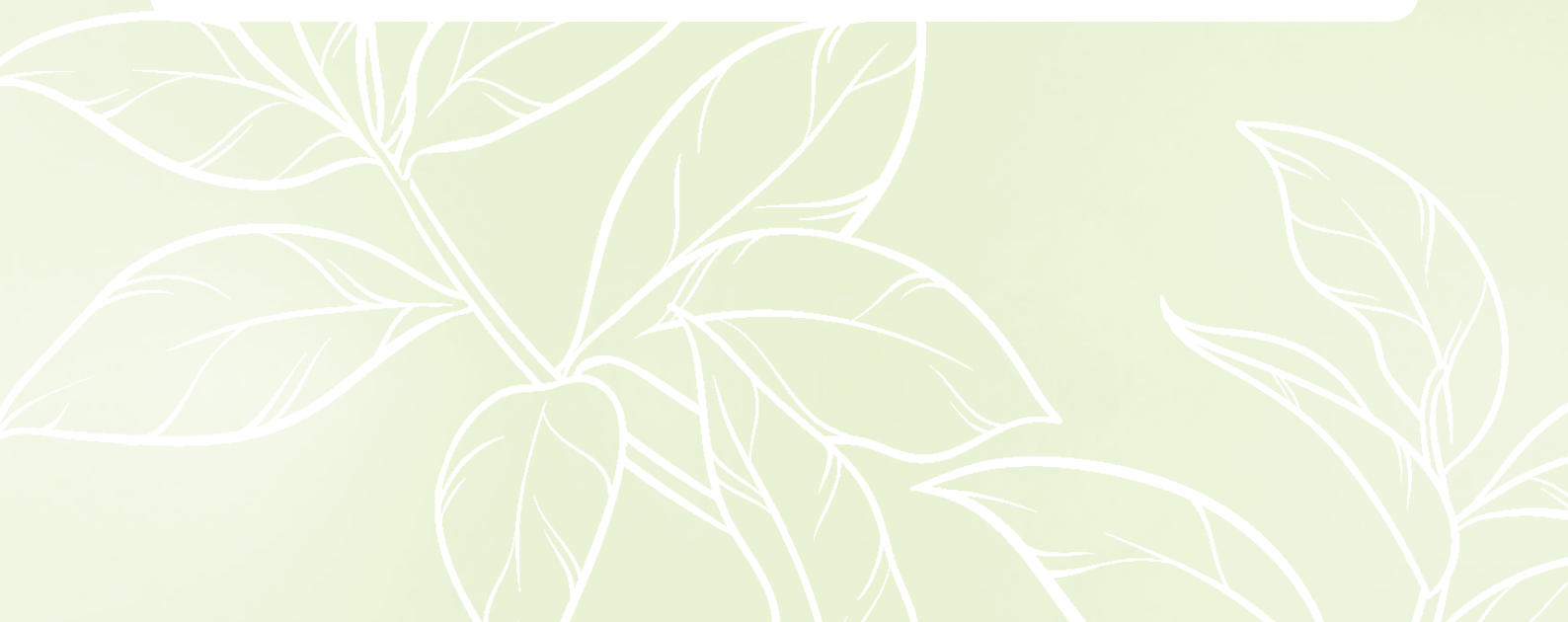
Material Environmental, Social and Governance Factors – Policies, Practices, Performance and Targets

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

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

As sustainability issues and risks go through numerous changes, we see this as an ongoing journey as we move towards our 2023 sustainability goals.

On Behalf of the Board
OR TOH WAT
Group Managing Director



OVERVIEW

The Group is of the view that sustainability is about adopting methods which address and tackle environmental, social and governance issues facing our business. We seek to be a progressive and trustworthy company with a commitment to corporate responsibility and sustainability. We want to be an accountable corporate citizen, providing clear disclosure of the economic, social and governance aspects of our business performance to all our stakeholders, as well as institute a monitoring framework.

GUIDELINES AND METHODOLOGIES

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

This is the seventh year that OKP is presenting a sustainability report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and Practice Note 7.6 Sustainability Reporting Guide and Rules 711A and 711B of the SGX Listing Manual. The report is for the financial year from 1 January 2021 to 31 December 2021.

The Group's phased approach to sustainability reporting:

Primary Components	Adoption		
	FY2021	FY2022	FY2023
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

ASSURANCE

The current report is not subject to any external assurance. We may consider seeking external assurance in the future. However, the sustainability reporting process will be subject to internal review by our internal auditors or an external party in FY2022.



Our Executive Director Mr Oh Enc Nam (right) receiving a Project Safety Recognition Award 2021 from Public Utilities Board's Senior Deputy Director Mr Devaraj Sanmmuganathan (left).



Safety talk given by supervisor to workers.

GOVERNANCE AND SUSTAINABILITY SUSTAINABILITY REPORT

INCREASING STAKEHOLDER ENGAGEMENT

The Group seeks to develop and provide sustainable value to all its stakeholders. To attain this goal, we undertake to provide quality products and services, ensure that our customers are satisfied, be an employer of choice, oversee our supply chain effectively, and nurture our environment and community. It is a priority to engage our stakeholders frequently and reassure them of OKP's unwavering commitment. By assessing the significance and impact of stakeholders' interests on our business, the Group has identified six key stakeholder groups:



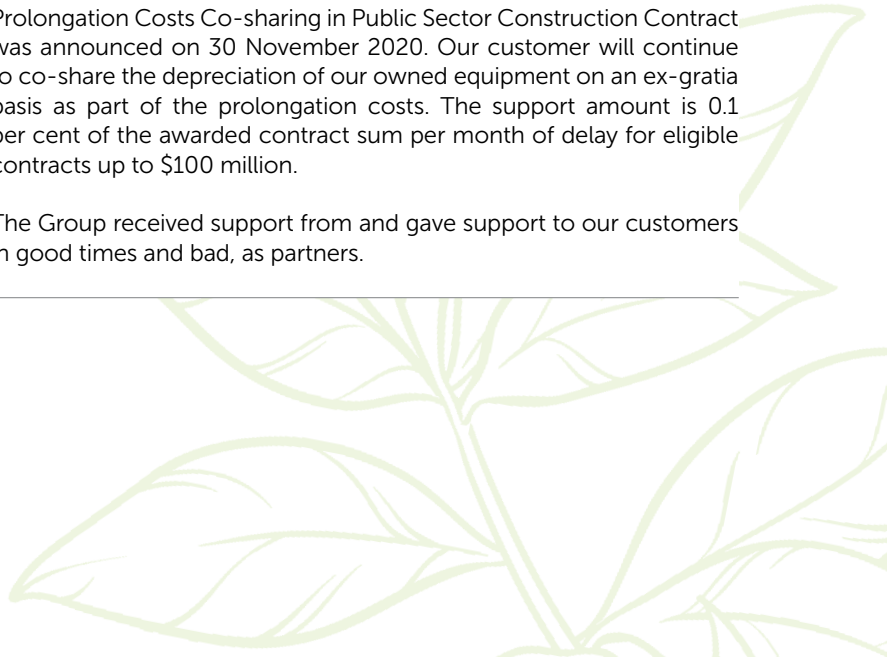
Stakeholders	Key Topics	Engagement Platform	OKP's Commitment
Clients/ Customers	Site safety, delivery of services on time	Meetings, feedback channels such as email communication	Provide clients/customers with excellent service on time, within budget and with emphasis on high standards of quality, reliability and safety
Employees	People development	Training	Develop our workforce to their full potential by offering training and staff development, a fair and equitable reward system and a safe working environment
Suppliers	Compliance, safety, delivery of services on time	Regular meetings with key suppliers and site visits by the management	Cultivate and reinforce relationships with our suppliers and monitor our supply chain to attain project excellence and the highest environmental, health and safety standards
Shareholders/ Investors	Business strategy	Conference calls, shareholders' meetings, results webcast, emails and Q&A portals	Maximise shareholder return on investment through strong 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	Influence 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

FORGING AHEAD WITH RECOVERY FROM COVID-19


While the Covid-19 situation remains volatile, especially in the wake of the Omicron variant, Singapore is forging ahead with its economic reopening and gradual transition to living with Covid-19. The nation is bolstered by its high vaccination rates, steady uptake of booster doses, and practice of Safe Management Measures (SMM).



We have outlined the impact of Covid-19 and the mitigation response below:

Stakeholders	Impact of Covid-19 (2021)	OKP's mitigation response with government support
<p>Clients/ Customers</p> 	<p>The Covid-19 outbreak in Singapore has disrupted the Group's operations and caused delays to project completion timelines.</p>	<p>FY2020</p> <p>A universal Extension of Time (EOT) of 122 days for the delay occurring in the period between 7 April 2020 and 6 August 2020 (both dates inclusive) has been granted for the Group's construction contracts. This was in consideration of construction works having stopped for approximately two months during the Circuit Breaker (CB) period and further delayed as the foreign worker dormitories were progressively cleared of Covid-19 by early August 2020.</p> <p>A 49-day ex-gratia EOT has been granted to the Group for the period between 7 August 2020 to 31 December 2020 for delays due to loss of productivity arising from Covid-19- related events.</p> <p>FY2021</p> <p>As the Covid-19 pandemic continues to impact the productivity on site, construction activities have not been able to reach pre-Covid levels which led to further delays for construction projects. Hence, the Group has been granted ex-gratia EOT of 34 days due to loss of productivity for the period from 1 January 2021 to 30 June 2021.</p> <p>While the industry's construction output has recovered close to pre-Covid levels, the government recognises that the Covid-19 pandemic continued to impact site productivity due to border restrictions in the second half of 2021. The Group will be given a final broad-based grant of ex-gratia EOT of 33 days for the period from July 2021 to February 2022 due to Covid-related delays.</p> <p>The Group is working very closely with customers to manage the project completion timelines.</p> <p>Our customers allow the Group to claim for additional payment for losses and expenses sustained or incurred arising from delay of works attributed to Covid-19, which is beyond both parties' control.</p> <p>The Group coordinated with its customers to complete projects with revised schedules.</p> <p>Prolongation Costs Co-sharing in Public Sector Construction Contract was announced on 30 November 2020. Our customer will continue to co-share the depreciation of our owned equipment on an ex-gratia basis as part of the prolongation costs. The support amount is 0.1 per cent of the awarded contract sum per month of delay for eligible contracts up to \$100 million.</p> <p>The Group received support from and gave support to our customers in good times and bad, as partners.</p>





GOVERNANCE AND SUSTAINABILITY
SUSTAINABILITY REPORT

Stakeholders	Impact of Covid-19 (2021)	OKP's mitigation response with government support
<p>Employees</p> 	<p>Following the Covid-19 outbreak, the Group had been impacted significantly in terms of manpower.</p> <p>The pandemic will affect health and safety of all employees.</p> <p>In addition, foreign worker dormitories in Singapore were significantly affected by Covid-19, leading to a shortage of manpower. The Singapore government had also implemented tighter restrictions, which further impacted the availability of manpower.</p> <p>Mass vaccination started in early 2021. With Singapore reaching an 80 per cent vaccination rate in August 2021 and the emergence of less infectious but treatable Covid-19 variants, the government has shifted its strategy from zero-Covid-19. Instead, it urged residents and businesses to live with the virus by keeping up with safe management measures and undergoing some restrictions while the economy is opening up.</p>	<p>The Group has instituted safe distancing measures and embraced work from home arrangements to the furthest extent possible.</p> <p>The Group also provides reusable face masks and hand sanitisers to employees and facilitates telecommuting.</p> <p>In response to the crisis, the government has introduced various support measures to alleviate the impact of Covid-19 such as the Jobs Support Scheme (JSS), and foreign worker levy waiver and rebate.</p> <p>The Building and Construction Authority (BCA) introduced Covid-Safe firm-based and Covid-Safe project-based supports to assist the Group to defray additional costs incurred in ensuring project sites comply with Covid-safe requirements.</p> <p>Mandatory use of Safe Entry system for all employees for contact tracing purposes, temperature checks for employees onsite, safe distancing (1 metre) rules enforced at all times, minimising face-to-face meetings or employee gatherings, masks to be worn at all times during working hours, split team arrangements with different working hours for each department, regular reminders on observing personal hygiene and clear guidelines in the event that any employee feels unwell, with a dedicated quarantine area set aside.</p> <p>Our strategy in managing Covid-19 is to achieve safe workplace, safe workmen and safe transportation. This means ensuring that the workplace implements measures to prevent Covid-19 transmission, getting workers vaccinated, and providing safe transport for workers.</p> <p>The Group has been adhering to safe management measures, ensuring all workers undergo rostered antigen rapid test (ART) testing weekly and implementing effective contact tracing at every project site.</p> <p>Workers tested positive will have to undergo a polymerase chain reaction (PCR) test for confirmation before being isolated immediately in our site isolation room.</p> <p>As of end 2021, the Group had achieved a nearly 100 per cent vaccination rate.</p> <p>In addition, project sites have set up ART swab stations for roving subcontractors and visitors to detect any Covid-19 positive cases before they enter the site.</p>

Stakeholders	Impact of Covid-19 (2021)	OKP's mitigation response with government support
<p>Employees (cont'd)</p>		<p>In June 2021, OKP also arranged for medical staff from Martin Medical Centre to conduct PCR tests at its premises so as to detect cases of its workers intermingling with workers from other companies and being infected by the Covid-19 virus.</p> <p>An in-house disinfection team was set up at each project site to disinfect the premises should there be any Covid-19 positive cases detected at that particular site.</p> <p>Besides practising safe distancing, all workmen have to wear disposable masks at all times during work. Sanitisers and washing facilities are provided onsite to facilitate personal hygiene.</p> <p>Workers working on the projects are being ferried by our designated transport to minimise the risk of spreading Covid-19 to the community and vice versa.</p> <p>The Group deployed trained safe management officers and safe distancing officers onsite to ensure that these measures are effectively implemented. Any deviation will be reported to the project manager and action will be taken for repeat violators. Our safe management officers and safe distancing officers engage actively with the BCA and Ministry of Manpower officers, who visit the site offices.</p> <p>Communication materials such as posters and banners are displayed in common work areas where workers have access or visit frequently. Communication materials are developed as infographics and in preferred languages of most employees and expressed in plain language.</p>
<p>Suppliers</p> 	<p>Many businesses found out the hard way that maintaining visibility on associated risks in their supply chain is critical.</p> <p>Supply chains across the world had been disrupted due to measures implemented by the authorities to fight the virus. This had resulted in a shortage of construction materials.</p> <p>Impacts downstream suppliers, who might be unable to perform contractual obligations due to physical restrictions or financial difficulties due to additional costs arising from Covid-19.</p>	<p>With lockdowns in place in many countries, businesses had been forced to seek alternative suppliers.</p> <p>The Group conducted a supplier assessment exercise as part of our sustainability report to deal with both foreseen and unforeseen circumstances. We considered our supply chain and assessed the impact of potential lockdowns.</p> <p>The Group extended assistance to suppliers/subcontractors where possible by not insisting on strict legal rights.</p>
<p>Shareholders/ Investors</p> 	<p>The Group keeps shareholders/investors updated on the impact of Covid-19 on the Group.</p>	<p>The Group provides timely and accurate updates on the impact of Covid-19 as and when appropriate.</p>

GOVERNANCE AND SUSTAINABILITY
SUSTAINABILITY REPORT



Stakeholders	Impact of Covid-19 (2021)	OKP's mitigation response with government support
Community 	<p>The Group supported the migrant community by contributing to the Migrant Workers' Assistance Fund. The fund is used to provide daily necessities, hygiene and protection items, food and accommodation for workers displaced because of the economic downturn resulting from this unprecedented Covid-19 crisis.</p>	<p>In 2020, the Group contributed to two compassionate funds to support construction companies and migrant workers in view of the Covid-19 pandemic:</p> <ul style="list-style-type: none"> (a) Singapore Contractors Association (SCAL) – Singapore Business Federation (SBF) Foundation Compassion Fund to help the construction sector with temporary relief to ease financial difficulties of construction companies; and (b) Association of Small and Medium Enterprises (ASME)-SBF Foundation Compassion Fund for Migrant Workers to provide these workers with support and assistance.
Government/Regulators 	<p>The Group complied with the Covid-19 regulations.</p>	<p>Regular virtual communication with the relevant government agencies and providing feedback on the impact of Covid-19 and support measures which were most helpful to the Group.</p> <p>In response to the crisis, the government has introduced various support measures as mentioned above.</p>


FEEDBACK

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

COMMITMENTS AND TARGETS

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	2021 Performance	2022 Target
Economic 	1 Economic performance	Value-added performance	Value-added performance has increased from \$42.1 million in FY2020 to \$42.4 million in FY2021	Improvement in value-added performance
		Financial performance	For more details, please refer to page 55 of this Annual Report	Improvement in revenue and profit
	2 Anti-corruption	Zero tolerance towards fraud, corruption and unethical actions	No incident of corruption and fraud	Adhere to the Group's zero tolerance towards fraud, corruption and unethical actions
Environment 	3 Water consumption	Water consumption (Cu M)	Water consumption increased by 24.5% in FY2021 compared to 52.5% in FY2020. The increase was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2020	Reduce water consumption by 1%

Primary Factor	Material Components	Performance Measures	2021 Performance	2022 Target
Social and Governance 	4 Electricity consumption	Electricity consumption (kWh)	Higher electricity consumption by 24.6%. The increase was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2020	Reduce electricity consumption by 1%
	5 Fuel consumption (by lowering fuel consumption in construction vehicles and heavy machineries)	Diesel consumption (litres)	Higher diesel consumption by 47.5% compared to 24.0% in FY2020. The increase was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2020	Reduce diesel consumption by 1%
	6 Minimisation of material wastage	Rate of construction material wastage	Maintained construction material wastage at 3%	Reduce construction material wastage from 3% to 2%
	7 Health and safety (minimising risk of accidents through education programmes in order for the employees to act responsibly)	Fatal incident rate	No fatalities and workplace accidents reported	Zero fatality rate
	8 Training and education of employees	Training hours and costs	7.1 hours of training per employee in FY2021 as compared to 6.9 hours in FY2020	To increase the training hours and training costs by 3%
	9 Participation in local programmes such as donations, education programmes, building infrastructure for liveable communities, supporting sustainable community development	Total CSR spending per annum	CSR spending has decreased by 9.5% as compared to 80.2% in FY2020	We will continue to actively participate in CSR initiatives
10 Employee retention	Staff turnover rate	Staff turnover rate has increased to 12.6% in FY2021 compared to 10.4% in FY2020	To maintain the staff turnover rate below 10%	
11 Diversity i.e. embedded diversity in the company's culture, creating a more flexible working environment	Percentage comparison of male and female employees	No major changes to the percentage comparison of male and female employees in FY2021 and FY2020	Ensure equal opportunity and non-discrimination towards both males and females	
12 Supplier chain management	To strengthen our supply chain management efforts	Continue to source our supplies in a socially responsible manner and enhance customer satisfaction. For more details, please refer to page 70 of this Annual Report	Drive responsible business practices across the supply chain	

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

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

Impact to our business

GOVERNANCE AND SUSTAINABILITY
SUSTAINABILITY REPORT

NURTURING THE ENVIRONMENT

The Group is fully aware of its responsibility for nurturing the environment and minimising negative environmental consequences at its construction sites and the environment where OKP operates. We keep a close watch on energy (both electricity and diesel), waste and water management at our workplaces to ensure that we use our resources sensibly and efficiently. During FY2021, water, electricity and diesel consumption had increased, compared to the previous year. Material wastage remained constant at 3 per cent. We actively manage the emissions from all our operations to make sure that we manage the environmental impact.

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

The Group adopts a holistic approach in managing the environmental impact of its activities and other risks in its supply chain. In managing our supply chain, OKP has established a process for choosing its suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We engage our potential and current suppliers through frequent reviews and feedback to ensure that they have the right capabilities, track record and sufficient resources to support our projects and activities. During the year, OKP was fined for three (2020: five) incidences of mosquito breeding.

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

Key economic performance indicators

	2021	2020	2019
Revenue (\$'000)	90,035	69,627	81,396
Value added available for distribution (\$'000)	42,426	42,147	38,960
Net profit (\$'000)	4,235	3,955	681

Key environmental performance indicators

	2021	2020	2019
Water consumption (Cu M)	44,617	35,827	23,498
Electricity consumption (kWh)	845,480	678,382	614,288
Diesel consumption (cu/m)	2,816,985	1,910,135	2,513,042
Material wastage	3%	3%	3%
Fatal accident	-	-	-

EMPOWERING PEOPLE AND THE COMMUNITY

The Group seeks to empower its people and the community. We aim to be a responsible and caring employer to our 812-strong talent pool by providing training and developing them to reach their fullest potential, so that they can enjoy meaningful and rewarding careers within the organisation. We provide them with a safe working environment, training and career advancement and a fair and equitable system that rewards their productivity and performance. The Group does not have any collective bargaining agreement with its workforce.

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

Since 2006, OKP has won 27 safety awards in recognition of its outstanding performance in occupational safety and health management and accident-free environment.

As a responsible and excellent corporate citizen, we empower our people to support the community. We believe we should care for the needy and underprivileged in our society through our various donations, sponsorships and voluntary work. Through this approach, we also enhance our reputation as a good corporate citizen, who takes corporate social responsibilities earnestly.



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



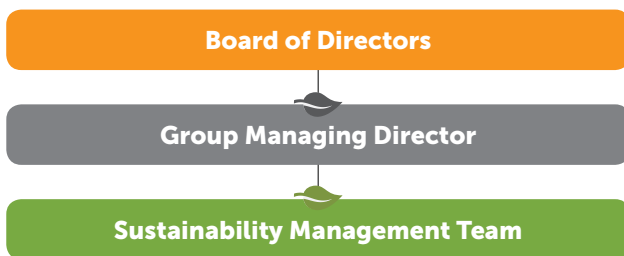
OKP has completed maintenance works at various locations.

FORTIFYING CORPORATE GOVERNANCE

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

To improve our corporate governance, we are committed to the principles of sustainability reporting. At OKP, we seek to strengthen our performance in financial reporting as well as reporting on non-financial matters such as corporate governance, and social and environmental responsibilities.

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



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

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

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

Key social and governance performance indicators

	2021	2020	2019
Training hours	5,742 hours	5,444 hours	7,163 hours
Training hours per employee	7.1 hours	6.9 hours	8.8 hours
Training costs (net of government grants)	\$166,000	\$85,000	\$138,000
Total CSR spending per annum	\$19,000	\$21,000	\$106,000
Staff turnover rate	12.6%	10.4%	10.3%
Employees by gender			
– Male	93%	92%	93%
– Female	7%	8%	7%

GOVERNANCE AND SUSTAINABILITY
SUSTAINABILITY REPORT

GRI CONTENT INDEX

General standard disclosures

GRI Standard	Disclosure	Page Reference	Annual Report Section
Strategy & Analysis			
GRI 101: Foundations 2016		62-75	Sustainability Report
Organisation Profile			
GRI 102: General disclosure 2016	102-1	Name of the organisation	Cover page
	102-2	Activities, brands, products, and/or services	18-19
	102-3	Location of headquarters	35
	102-4	Location of the operations	34
	102-5	Ownership and legal form	232-233
	102-6	Markets served	38, 56-59
	102-7	Our scale of the organisation	38-51
	102-8	Information on employees and other workers	76-80
	102-9	Supply chain	69-70
	102-10	Significant changes to the organisation and its supply chain	69-70
	102-11	Precautionary principle or approach	122-131
	102-12	External initiatives	81-82
	102-13	Membership of associations	81-82
Strategy			
	102-14	Statement from senior decision-maker	4-7
Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behaviour	3
Governance			
	102-18	Governance structure	70
			Sustainability Report

GRI Standard	Disclosure	Page Reference	Annual Report Section	
Stakeholder Engagement				
	102-40	List of stakeholder groups	64	Sustainability Report
	102-41	Collective bargaining agreements	64, 70	Sustainability Report
	102-42	Identifying and selecting stakeholders	64	Sustainability Report
	102-43	Approach to stakeholder engagement	64	Sustainability Report
	102-44	Key topics and concerns raised	64	Sustainability Report
Reporting Practice				
	102-45	Entities included in the consolidated financial statements	171, 173, 178	Financial Statements - Notes to the Accounts
	102-46	Defining report content and topic boundaries	122-131	Risk Assessment and Management
	102-47	List of material aspects	68-69	Sustainability Report
	102-48	Restatements of information	No restatement	
	102-49	Changes in reporting	63	Sustainability Report
	102-50	Reporting period	62	Sustainability Report
	102-51	Date of most recent report	62	Sustainability Report
	102-52	Reporting cycle	62	Sustainability Report
	102-53	Contact point for questions regarding the report	68	Sustainability Report
	102-54	Claims of reporting in accordance with the GRI Standards	63	Sustainability Report
	102-55	GRI content index	72-75	Sustainability Report
	102-56	External assurance	63	Sustainability Report

Topic-specific

GRI Standard	Disclosure	Page Reference	Annual Report Section	
Economic Standards				
GRI 103: Management approach 2016	102-1	Name of the organisation	Cover page	Annual Report Cover page
	103-2	The management approach and its components	68-69	Sustainability Report
	103-3	Evaluation of the management approach	68	Sustainability Report
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	55, 70	Value Added Statement and Sustainability Report
	201-2	Financial implications and other risks and opportunities due to climate change	122-131	Risk Assessment and Management
	201-4	Financial assistance received from government	198	Financial Statements Notes to the Accounts
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	76	Our People
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and service supported	81	Corporate Social Responsibility
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	76	Our People

GOVERNANCE AND SUSTAINABILITY
SUSTAINABILITY REPORT

GRI Standard	Disclosure	Page Reference	Annual Report Section	
Environmental Standards				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	64, 68	Sustainability Report
	103-2	The management approach and its components	68-69	Sustainability Report
	103-3	Evaluation of the management approach	63	Sustainability Report
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	69-70	Sustainability Report
	302-4	Reduction of energy consumption	69-70	Sustainability Report
GRI 303: Water 2016	303-1	Water withdrawal by source	69-70	Sustainability Report
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	69-70	Sustainability Report
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	69	Sustainability Report
Social Standards				
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	66, 68	Sustainability Report
	103-2	The management approach and its components	68, 69	Sustainability Report
	103-3	Evaluation of the management approach	68	Sustainability Report
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	71, 76	Our People and Sustainability Report
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	76	Our People
	401-3	Parental leave	76	Our People



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



OKP is involved in the construction of new infrastructure at Tukang Estate.

GRI Standard	Disclosure	Page Reference	Annual Report Section	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work- related fatalities	83-85 76-77	Safety and Environmental Awareness and Our People
	403-3	Workers with high incidence or high risk of diseases related to their occupation	83-85 76-77	Safety and Environmental Awareness and Our People
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	71	Sustainability Report
	404-2	Programmes for upgrading employee skills and transition assistance programmes	76-77	Our People
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	76	Our People
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	76	Our People
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	68-70	Sustainability Report
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	69-70	Sustainability Report
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	89-90	Our Customers
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	89-90	Our Customers
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	69	Sustainability Report

GOVERNANCE AND SUSTAINABILITY
OUR PEOPLE**APPRECIATING OUR KEY ASSETS**

One of the Group's main assets is its people as they play a crucial role in supporting OKP to grow with purpose to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. Despite facing many challenges during the ups and downs of our business cycle, the staff have put in great efforts to help the organisation to achieve its business goals. This is particularly evident over the past two years with the upheavals caused by the Covid-19 pandemic.

To consolidate OKP in difficult times, we motivate our team to work cohesively as one and to strengthen their professional skills continuously. We seek to build a top-notch, resourceful and resilient team, who can manage and respond efficiently to dire business circumstances.

The Group recognises the employees' perseverance and hard work in supporting our business goals and they have been our pillar of strength since our company was founded in 1966. As such, we focus on our guiding principle which is our commitment to our employees to provide a safe working environment, training and advancement in their respective fields, and fair and equitable compensation and benefits that reward their productivity.

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

BUILDING AND ORIENTING OUR TALENT POOL

In pursuit of its business goals and to realise sustainable revenues and profits, the Group is committed to building up its talent pool. To maintain a competent team for our business needs and to stay ahead of the competition, OKP focuses on recruiting and nurturing a proficient team who can plan, manage and execute the various projects and to a high standard.

To attract and hire the right team of people with the right skills and track record to implement its business strategies, OKP has established a human resources strategy and programme for all employees. The Group identifies with its people's aspirations, inspires them to perform to the best of their capabilities and supports them in rising through the ranks.

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

By following this approach, new recruits can begin to make immediate contributions when they join the company. From our past experience, we can see that a good orientation programme makes a huge difference in terms of staff retention, as we observe that fresh hires generally decide to stay with the Group within the first six months of their employment.

NURTURING OUR PEOPLE

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

At OKP, we establish a training needs analysis to identify learning gaps of our current employees' knowledge, skills and attitudes. Only staff who has the right knowledge,



Site Inspector Mr Teo Chwe Pwe receiving his 25-year long service award from Group Chairman Mr Or Kim Peow.

skills and attitudes will be selected for the project teams while those who do not meet the criteria will be sent for adequate training before being assigned to the various projects. The training plan includes courses such as construction safety for project manager, risk management, and safety orientation for construction workers training. This continuous training will equip our staff with key capabilities and skillsets so that they can enhance their technical and functional abilities for OKP's business requirements now and in the years ahead.

We aim to build our people's talents to their fullest potential so that they can develop their careers within the organisation. We do this by providing our workforce with various opportunities for professional and personal growth such as taking part in local and overseas industry immersion programmes. Through such opportunities, they can find job satisfaction and enjoy the benefits of working in a strong and progressive organisation.

Our human resources management policy sets 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. Since 2016, the Group signed "The Pledge for a Better Built Environment Workplace" developed by the Building and Construction Authority (BCA) and Construction Industry Joint Council. In signing the Pledge, we have shown our commitment to the adoption of good human resources practices based on the following key human resources principles: Performance management, Recruitment and on-boarding, Staff engagement, Remuneration, rewards and benefits, and Wellness and support.



PROVIDING SPONSORSHIPS AND SCHOLARSHIPS

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

In 2021, OKP had offered four internships under this programme to students pursuing the Bachelor of Civil Engineering degree at the University of Newcastle, Australia. These students who graduated have since joined the Group as full-time employees.

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



Mechanic Mr Ronaldo Casapao Delos Reyes receiving his 15-year long service award from Group Chairman Mr Or Kim Peow.

ENABLING LOCAL AND OVERSEAS INDUSTRY IMMERSION PROGRAMME

Under the Group's overseas industry immersion programme, OKP has been sending its employees on overseas trips to acquire new skills and enhance their technical knowledge. However, due to the Covid-19 restrictions on overseas and local travel, these programmes have been suspended in the past two years.

Since 2015, OKP had organised five overseas industry immersion programmes. One trip in 2019 was to Fukuoka in Japan, two trips in 2017 to South Korea, and two trips in 2015, which comprised one trip to Ipoh in Malaysia, and sending several batches of project engineers on trips to Jakarta in Indonesia. The teams acquired invaluable knowledge on advanced technologies and best practices.

Some employees and senior management also brushed up their knowledge by attending advanced management programmes, study trips, conferences and exhibitions. In 2021, Group Managing Director, Mr Or Toh Wat participated in the Construction and Facilities Management Prospects Dialogue 2021, which was organised by the BCA on 25 March 2021. Some of the directors also attended "SID Directors Virtual Conference 2021 – Asia's Renaissance The New Era of Recovery and Reopening" conducted by the Singapore Institute of Directors.

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

GOVERNANCE AND SUSTAINABILITY
OUR PEOPLE

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

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

UPHOLDING OCCUPATIONAL HEALTH AND SAFETY

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

To keep abreast of the industry practices and technologies, Environment, Health and Safety (EHS) staff are encouraged to attend relevant seminars and external training organised by professional boards. This knowledge helps the Group to manage EHS more effectively.

Due to the Covid-19 pandemic, all non-essential workplaces stopped operation from 7 April 2020, with only essential workplaces remaining open. In response, OKP initiated a Business Continuity Plan in May 2020 for its headquarters and all project sites. The plan ensured that all its employees and assets are protected and can function easily due to any business disruption. To curtail the spread of Covid-19, vaccination started in early 2021 in Singapore. In June 2021, the Group was given approval by BCA and other government entities to restart its sites' activities with requirements to ensure the safety of workers and facilities.

Since then, our strategy to manage Covid-19 is to achieve safe workplace, safe workmen and safe transportation. This means ensuring that the workplace implement measures to prevent Covid-19 transmission, getting workers vaccinated, and providing safe transport for workers.

As a trustworthy contractor in transport infrastructure and civil engineering, OKP complies with all relevant legislative and regulatory requirements to uphold workplace safety, environmental protection, and the welfare of all staff. For

example, all fresh recruits go through a mandatory safety induction on the importance of using personal protective equipment and undertaking all risk management procedures.

The Group also promotes a healthy and safe working environment to the workforce of its subcontractors and partners. We work diligently with the subcontractors and partners to ensure that they share the same commitment to work together to boost safety and environmental standards. A safe construction site not only reduces unnecessary risks in a project but also advances staff morale and increases client satisfaction levels. It is OKP's policy that all incidents are reported speedily, and not only those that resulted in actual injuries. We emphasise this process to all our supervisors and workforce so that we can learn from and remedy past errors as well as attain our vision of zero injuries.

One of the Group's aims is to discourage employees from being absent from work without a legitimate reason. Absenteeism from work impacts costs, and shows a low level of job satisfaction and a lack of dedication to the company. Moreover, absenteeism leads to backlogs and pile-up of work, thus causing work delay. To attain a low level of absenteeism among its staff, OKP has put measures in place to create an affirmative working environment, which can help our staff to perform well at work with the right guidance and mentoring.

Since 2006, the Group has been receiving numerous safety awards in acknowledgement of its high standard of health management and safety awareness at its various worksites. In total, OKP has won a total of 27 safety awards, seven green and gracious awards and one construction environment award.



A worker receiving an award for displaying exemplary behaviour and safe work practices.

In 2021, the Group received three safety awards, two from the Public Utilities Board (PUB) and one from the Jurong Town Corporation (JTC). For the PUB awards, Eng Lam Contractors Co (Pte) Ltd received two Project Safety Recognition Awards – one for drainage improvement to Sungei Tampines project, and the other for improvement to roadside drains and watermain replacement works under the Estate Upgrading Programme batch 9 – contract 1 project. For the JTC Construction Safety Award, it received a Special Mention award for the construction of new infrastructure at Tukang Estate project.

In 2022, the Group won the British Safety Council's International Safety Awards 2022 (Distinction) for the Walk2Ride Programme (Mackenzie Road) project (ER443) and commuter and road infrastructure works in Pasir Ris and Loyang project (DE143).



Executive Director Mr Or Lay Huat Daniel giving a speech at the celebration of International Migrants Day 2021.

ENSURING ETHICAL PRACTICES

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

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

BEING PEOPLE-CENTRIC

To fulfil our mission to be the first and preferred civil engineering contractor for various industries in Singapore and beyond, we need to be a people-centric company. This is because we rely on the effective and steadfast

performance of all employees to achieve our business goals, attain financial profitability, and work together as a solid and resilient company for now and the future.

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

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

In particular, the Group takes good care of its migrant workers, the majority of whom comes from South Asia. We have put in place measures to ensure that the welfare of the workers is addressed effectively. These steps include a conducive rest area in the worksite and favourable dormitory living conditions. In addition, OKP also looks into its employees' emotional and psychological health, particularly during the Covid-19 pandemic when these workers have not been able to visit their families back home. The Group has conducted an anxiety survey assessment to help us understand their mental health status. The assessment results were encouraging as most of the workers were graded as healthy or with mild anxiety, and only a few graded severe.

Further to feedback on the need for more gatherings, the Group celebrated International Migrants Day by allowing workers to be released from work earlier. Besides catering for food based on the ethnic groups of the migrant workers, goodie bags were given as a token of appreciation.

To protect our workers from Covid-19, workers' dormitories are disinfected regularly. To reduce the risk of workers from other companies affecting our workers, we arrange for medical staff from Martin Medical Centre to conduct polymerase chain reaction tests at our premises. We also engaged Kent Ridge Health to ensure our workforce are given the best medical services.

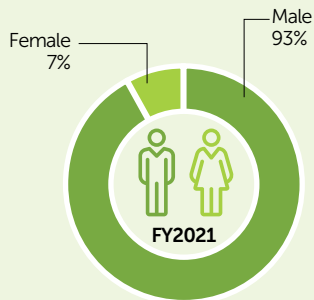
The Group also fulfils its obligations as a good corporate citizen in supporting national defence by facilitating and supporting attendance by our male employees of reservist training. Since 2008, the Group has been receiving awards from the government for its support of and contributions to Total Defence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

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

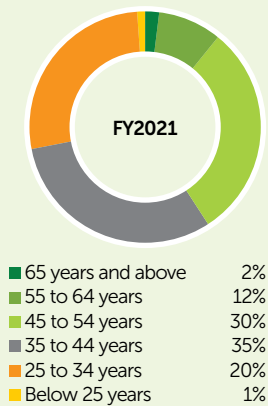
GOVERNANCE AND SUSTAINABILITY
OUR PEOPLE

EMPLOYEE PROFILE

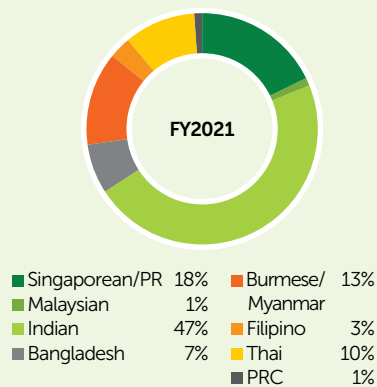
Gender



Age



Nationality



New Hires



FY2021
126 Employees

	FY2021	FY2020	FY2019
Function			
Management & Supervisory (M&S)			
– Local	7%	9%	9%
– Foreign	2%	4%	3%
Finance & Administration (F&A)			
– Local	2%	2%	1%
– Foreign	1%	1%	1%
Site Operations (S&O)			
– Local	10%	9%	6%
– Foreign	78%	75%	80%
	100%	100%	100%
Years of Service			
More than 15 years	15%	12%	11%
10 years to 14 years	14%	17%	20%
6 years to 9 years	22%	22%	23%
3 years to 5 years	9%	13%	17%
Less than 3 years	40%	36%	29%
	100%	100%	100%
Educational Qualification			
Degree and Above	15%	15%	13%
Diploma & Equivalent	6%	6%	6%
“O” & “A” Level & Equivalent	3%	3%	2%
Trade Certificate & Equivalent	33%	34%	28%
Secondary School & Lower	43%	42%	51%
	100%	100%	100%
Gender			
Male	93%	92%	93%
Female	7%	8%	7%
	100%	100%	100%
Age			
65 years and above	2%	2%	1%
55 to 64 years	12%	9%	11%
45 to 54 years	30%	30%	28%
35 to 44 years	35%	31%	34%
25 to 34 years	20%	27%	26%
Below 25 years	1%	1%	0%
	100%	100%	100%
Nationality			
Singaporean/PR	18%	19%	13%
Malaysian	1%	1%	2%
Indian	47%	46%	46%
Bangladeshi	7%	6%	8%
Burmese/Myanmar	13%	13%	15%
Filipino	3%	3%	2%
Thai	10%	10%	12%
PRC	1%	1%	1%
Others	-	1%	1%
	100%	100%	100%
New Hires			
Number of employees	126	88	203

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, environmental control officers, public relations officers and land surveyors

GOVERNANCE AND SUSTAINABILITY
**CORPORATE SOCIAL
RESPONSIBILITY**

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

In Singapore and worldwide, companies are becoming more aware that implementing CSR activities can offer a competitive advantage over others who think that CSR cannot add to their bottom-line. Many businesses which make CSR practices a significant aspect of their operations, realise that implementing good CSR practices can bring about many advantages. These include creating a good reputation and high morale among employees, which results in greater productivity and better performance, thus attracting more investors.

Global business leaders have expressed the importance of CSR in achieving their business goals. For example, Executive Chairman of the World Economic Forum Mr Klaus Schwab said: "Corporate social responsibility is measured in terms of businesses improving conditions for their employees, shareholders, communities, and environment. But moral responsibility goes further, reflecting the need for corporations to address fundamental ethical issues such as inclusion, dignity, and equality."

Another business leader, Mr Shiv Nadar, who is an Indian industrialist and entrepreneur, and the founder of HCL, an IT enterprise, shared: "I admire companies that give back to communities. It is an absolute essential for organisations to watch, mitigate, and improve their impact on the environment, people, communities, their health and overall well-being. But this is a necessary condition, not a sufficient condition."

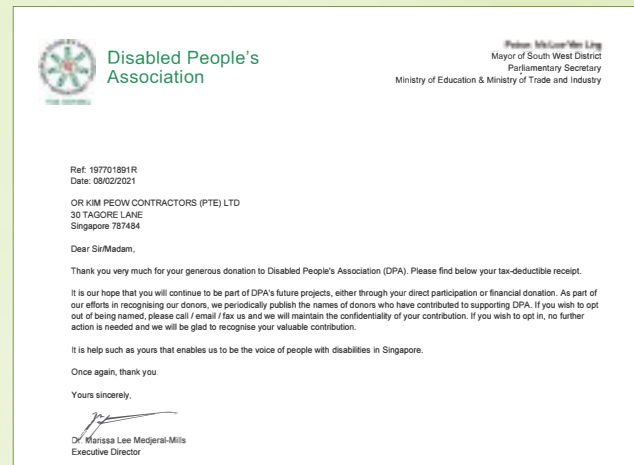
Our Group aims to be a good corporate citizen and therefore, we conduct our business in a sustainable way that offers affirmative economic, social and environmental impact for our stakeholders and their environments. At OKP, we conscientiously apply best practices in all our business operations, which involves giving back to society, especially in providing support to the underprivileged and needy members of the community. The company offers financial assistance through sponsorships and donations to various charitable groups and causes. We also inculcate a spirit of volunteerism among our staff so that they volunteer their time and efforts towards helping worthy causes. We also encourage our workforce to take part in various fundraising programmes, thus enabling them to be responsible and caring citizens.

**SUPPORTING VARIOUS CHARITIES AND
COMMUNITY ORGANISATIONS**

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

In 2021, OKP contributed to three organisations, namely the Disabled People's Association, Nee Soon South Community Club Building Fund, and the Building and Construction Authority's International Built Environment Week.

In 2020, the Group contributed to two compassionate funds to support construction companies and migrant workers in view of the Covid-19 pandemic, in addition to donations to the Disabled People's Association and the Singapore Association for the Deaf.



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

- Singapore Contractors Association (SCAL) – Singapore Business Federation (SBF) Foundation Compassion Fund to help the construction sector with temporary relief to ease financial difficulties of construction companies;
- Association of Small and Medium Enterprises (ASME)- SBF Foundation Compassion Fund for Migrant Workers to provide these workers with support and assistance;
- Building fund for the Singapore Buddhist Lodge;
- Relief, Singapore's leading independent disaster relief agency, for its Ground Zero Run for Humanity;
- Adventist Nursing & Rehabilitation Centre, a voluntary welfare organisation which provides physiotherapy and rehabilitation for victims of stroke, head and spinal injuries;
- Students Care Service which has four centres with a team of caring professionals, that are committed to serving children and youth in Singapore, enabling them to maximise their potential;
- Pasir Ris East Zone Community Club for its Marathon Ekiden Charity Run, which raises funds for its Community Development and Welfare Fund to sponsor bursary and good progress awards;
- Tampines Changkat Consultative Committee for its Festive Wishes Come True event, which fulfils wishes of underprivileged children;
- 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;

GOVERNANCE AND SUSTAINABILITY CORPORATE SOCIAL RESPONSIBILITY

- Chee Hoon Kog Moral Promotion Society, a charity which accepts non-paying residents recommended by the Ministry of Social and Family Development, Ministry of Health or through medical social workers of hospitals;
- Mouth and Foot Painting Artists Pte Ltd, an international for-profit association wholly-owned and run by disabled artists to help them meet their financial needs;
- World Children's Fund HK Ltd, a non-profit charitable organisation whose purpose is to facilitate caring and sharing of aid to needy and suffering children in crisis situations worldwide;



- 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 plays a proactive role in helping heart patients and their families and in equipping the community with information and skills for better heart care;
 - Community Chest, the fundraising division of the National Council of Social Service that raises funds for the many charities supporting the disadvantaged in society;
 - Disabled People's Association, a self-funded voluntary welfare organisation that helps people with disabilities to become contributing members of the society;
 - Handicaps Welfare Association, an organisation run by people with disabilities for people with disabilities, which promotes 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 with financial difficulties;
 - Leukemia & Lymphoma Foundation that pays for 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, and residential care for individuals recovering from various forms of life-controlling problems, including teenage and adult drug and alcohol abusers;
 - Yellow Ribbon Fund, a project to help rebuild lives of ex-offenders released from the various prisons and drug rehabilitation centres;
 - Singapore Gymnastics, the national sports association for gymnastics in Singapore, which raises funds for running its various gymnastics programmes;
 - Casa Raudha Women Home, which aims to provide a temporary refuge for women and their children who have been the victims of injustice and domestic violence; and
 - Caritas Singapore, the official social and community arm of the Catholic Church in Singapore, and the umbrella body for 27 Catholic charities and organisations whose work has touched the lives of many people.
- We also sponsor activities organised by various organisations such as schools, religious and grassroots organisations, and the Community Development Council. The Group has sponsored many fundraising golf tournaments such as those for Pertapis Education and Welfare Centre, Tentera Diraja Mosque, National University of Singapore's Building & Estate Management Alumni; Land Transport Authority, Tunnelling and Underground Construction Society (Singapore) and Ngee Soon Group Representation Constituency. In addition, OKP also sponsored the People's Association Community Centres/Clubs Building Fund, and Singapore Institute of Building Limited's movie event.

GOVERNANCE AND SUSTAINABILITY

SAFETY AND ENVIRONMENTAL AWARENESS

SHAPING A SAFE AND GREEN CULTURE

As a trustworthy business in transport infrastructure construction and civil engineering, the Group is conscientious in complying with all relevant legislative and regulatory requirements to improve workplace safety, environmental protection and the welfare of all employees.

At OKP, our priority is to ensure that all staff, contractors and subcontractors on our premises are proficient, well-equipped and trained to work safely. One of our guiding principles to our workforce is our commitment to providing them with a safe accident-free working environment, therefore enabling them to go home safely after work. This pledge covers our contractors, subcontractors and others, who come to work at our premises and worksites. In the planning and operation of the Group's business, we need to inculcate a company-wide culture of safety and environmental awareness. Enhancing good safety standards and better environmental awareness are thus important aspects of our core values and work environment.



Project director exhorting workers to comply with health and safety measures.

To achieve this aim, commitment and leading by example must come from senior management. Since late 2015, the management team has taken direct responsibility for safety performance and been personally involved in almost all Quality, Environmental, Health and Safety (QEHS) activities that could influence the behaviour of the workforce and external stakeholders. They are proactively involved in the Environment Health and Safety Action Committee meetings, where site safety objectives are discussed and established together with mid-management staff, who are familiar with on-the-ground site operations. They also gather feedback first-hand, enabling them to understand the needs and challenges faced by the onsite project site teams.

The Group's leaders also walk the talk by taking the initiative to inspect work sites on a regular basis to speak

to the workforce on health and safety challenges they may face. These unannounced site visits are the best yardstick for senior management to assess whether the health and safety objectives, activities and assigned personnel set up in the Environmental, Health and Safety (EHS) programmes are effective. Seeing how senior management are involved in working on and solving EHS matters reassures the ground staff, who recognise that the organisation is serious in shaping a strong safety culture in OKP.

In addition, senior management, managers, engineers, supervisors and workers are all represented in the monthly Safety Committee meetings, where health and safety policies and objectives setting are discussed, established, monitored and adjusted collectively as a team. This ensures that everyone in the team is working in unison to form OKP's safety culture and environment. Monthly EHS dialogue sessions are also held, where non-managerial staff are invited to chat with senior management in an informal setting or one-to-one coffee sessions in a cafe. This valuable bottom-up information gathering from these dialogue sessions is part of the process in developing EHS objectives and targets from all quarters.

ENSURING A MINIMAL RISK WORK ENVIRONMENT

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

Setting vision zero in place is about embracing a positive mindset that practises zero injuries and zero environmental damage, and not just about focusing on attaining a numerical target of zero injuries or environmental harm. By applying high safety standards and strict environmental control measures, OKP is developing a conducive environment for everyone from senior management to the workers to contribute fully toward achieving vision zero.

At OKP, we emphasise workplace safety, health and environmental protection at every phase of the project cycle from conceptualisation to the construction and management stages. This method ensures that all potential risks are identified quickly, thereby minimising or eliminating hazards downstream. By identifying and directing our resources to address potential risks, we seek to decrease incident rates and additional accident-linked costs.

The Group also adopts a qualitative risk assessment process. The risk register, project risk assessment, and

GOVERNANCE AND SUSTAINABILITY SAFETY AND ENVIRONMENTAL AWARENESS

method statement and risk assessment, are based on the use of a risk rating matrix that subjectively rates the consequence of risk event happening against the likelihood of that consequence happening. The process seeks to change the likelihood of a risk or opportunity occurring, and identify the current and additional controls required to manage the risk to an appropriate level. It covers activities of all employees with access to the workplaces under OKP's control including subcontractors and visitors, and the condition of all facilities.

The project manager is responsible for ensuring adequate resources are available and sufficient, based on what is agreed in the risk assessment. These resources include manpower, machineries, materials and time required to execute the works in a safe manner. Risk assessment team leaders and risk management champions are appointed. They must be trained and must pass risk management courses conducted by accredited trainers under the Risk Management Code of Practice. They will brief the workforce on the methodologies of the work activities so that everyone contributes, and are responsible for executing the required actions.

A method statement and risk assessment audit team comprising a project manager, engineer, supervisor and safety personnel, conducts an audit on the ground to ensure that what had been approved in the risk assessment are implemented onsite. If there is any deviation, an action plan will be initiated. The project safety staff will keep a record of project risks in a register to monitor the expiry, validity and relevancy of the risk assessments. This process provides input for determining facilities, training needs or development of operational control measures, and monitoring of required actions to ensure effectiveness.

UPHOLDING HIGH STANDARDS

To uphold high standards of QEHS performance, the management team takes QEHS responsibility as an important factor in the way it conducts business with stakeholders such as employees, clients, subcontractors and suppliers.

One approach which OKP seeks to address this responsibility is by adopting bizSAFE, which is the Workplace Safety and Health (WSH) Council's five-step programme to assist companies advance their safety and health capabilities to attain high standards at the workplace. To increase the benefits of the bizSAFE programme, we practise optimum risk control such as engineering and administrative control, and mandatory use of construction personal protective equipment. Work-at-height risks will be managed by having certified scaffold platforms set up by a trained employee.

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

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

WINNING RECOGNITION AND ACCOLADES

The Group's achievements in QEHS have been well recognised. It has received numerous accolades for its good workplace health management and occupational safety focus. Since 2006, OKP has won a total of 27 safety awards, seven green and gracious awards and one construction environment award.



Our Executive Director Mr Oh Enc Nam (right) receiving a Project Safety Recognition Award 2021 at Sungei Tampines office from Mr Albert Lim, Chief Engineer, Catchment & Waterways Department, Public Utilities Board (left).

In 2022, the Group received the British Safety Council's International Safety Awards 2022 (Distinction) for Walk2Ride Programme (Mackenzie Road) project (ER443) and commuter and road infrastructure works in Pasir Ris and Loyang project (DE143).

In 2021, the Group received three safety awards, two from the Public Utilities Board (PUB) and one from the Jurong Town Corporation (JTC). For the PUB awards, Eng Lam Contractors Co (Pte) Ltd received two Project Safety Recognition Awards – one for drainage improvement to Sungei Tampines project, and the other for improvement to roadside drains and watermain replacement works under the Estate Upgrading Programme batch 9 – contract 1 project. For the JTC Construction Safety Award, it received a Special Mention award for the construction of new infrastructure at Tukang Estate project.

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

Another award received by the Group is the Green and Gracious Builders Award conferred by the Building and Construction Authority (BCA) since May 2012. The award was introduced to raise the environmental consciousness and professionalism of builders. It is also a benchmark of a builder's corporate social responsibility to the environment and the public. It also sets standards for gracious practices, which improves the image of builders and the construction industry, particularly in neighbourhoods affected by construction activities.

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

SAFEGUARDING QEHS SUSTAINABILITY

The Group faces many challenges in upholding the high standards of its QEHS Management System in today's frequently evolving environment. We have taken many measures to ensure that our work practices are environmentally-friendly, and always protect the safety and welfare of our workforce at all our premises.

First, OKP regularly updates its legal register so that it is up-to-date on all applicable legal requirements. By doing so, the Group would be able to keep up with changes and proposed legislations. The legal register also ensures that OKP is aware of and understands the implications of core legislations that affect its operations. This ensures that we stay compliant with local regulatory requirements and international standards.

For example, the Group has established a systematic way to identify and monitor all relevant statutory duties under the law. To keep track of its workforce's relevant statutory duties, the organisation sends those with statutory duties for relevant courses to equip them with the most up-to-date knowledge. To keep track of the latest statutory duty changes and updates in Singapore, OKP has engaged Anzen Management Consultancy Pte



Senior management engaging with staff at a dialogue session.

Ltd., which sends the most updated legal requirements to the Group on a quarterly basis. These changes will be updated in our statutory duties matrix and communicated to all in our monthly EHS Committee meetings.

In addition, the Group has also engaged external auditors to help in monitoring the statutory duties compliance. In addition to the documentation review, the auditors interviewed workers with statutory duties such as lifting supervisor, riggers and signallers. The auditors' recommendations will be implemented immediately and measures will be established to prevent recurrence. On a daily basis, EHS practitioners carry out inspections to ensure that workers with statutory duties are well deployed onsite. No one is allowed to carry out these duties if they are not licensed or appointed to do so.

When recruiting new staff and collaborating with partners, we evaluate their QEHS experience and track record. Our capability to attract, develop and keep qualified employees, consultants and subcontractors with good QEHS track records has greatly enhanced OKP's success and sustainability.

The Group has established Business Continuity Plans for better management during unpredictable times and crises such as haze, monsoon rains, and disease outbreaks. It has put in place risk assessments to ensure that the business functions and operations can continue without comprising our workforce's safety and health.

In 2016, during a severe outbreak of the Zika virus, which particularly affected foreign workers at construction sites, the OKP initiated its Zika Contingency Plan. The plan included measures such as the intensification of search-and-destroy efforts to check on potential mosquito-breeding, mass combing of the entire site, and twice-weekly pest control operator's visits for the entire site. During the haze crisis over a few months in 2015, the Group ensured that all its employees were trained and informed of the correct way to don their masks and stop work if the quality of air reached hazardous levels.

LIVING WITH COVID-19 PANDEMIC

Since the Covid-19 pandemic started spreading in early 2020, it has caused major upheavals such as lockdowns and constraints all over the world including Singapore. Subsequently, the local construction industry was severely affected with work halts and introduction of many safe management measures to stop the spread of the virus.

GOVERNANCE AND SUSTAINABILITY SAFETY AND ENVIRONMENTAL AWARENESS

With a Singapore-wide partial lockdown known as circuit breaker announced on 3 April 2020, all non-essential workplaces stopped from 7 April 2020, with only essential workplaces remaining open. In response, OKP initiated a Business Continuity Plan in May 2020 for its headquarters and all project sites. The plan ensured that the entire workforce and assets are protected and can function smoothly in case of a business disruption. Vaccination started in early 2021 in Singapore to curtail the spread of Covid-19. In June 2021, the Group was given approval by BCA and other government entities to restart its sites' activities with measures to keep the workforce and premises safe.

With Singapore reaching an 80 per cent vaccination rate in August 2021 and the emergence of less infectious but treatable Covid-19 variants, the government has shifted its strategy from zero-Covid-19. Instead, it urged residents and businesses to live with the virus by keeping up with safe keeping measures and undergoing some restrictions while the economy was being opened up.



OKP partnered with medical staff from a medical centre to conduct polymerase chain reaction (PCR) tests at its premises.

Since then, OKP's strategy in managing Covid-19 is to achieve safe workplace, safe workmen and safe transportation. This means ensuring that the workplace implements measures to prevent Covid-19 transmission, getting workers vaccinated, and providing safe transport for workers.

The Group has been adhering to safe management measures, ensuring all workers undergo rostered antigen rapid test (ART) testing weekly and implementing effective contact tracing at every project site. Workers tested positive will have to undergo a polymerase chain reaction (PCR) test for confirmation before being isolated immediately in our site isolation room. As of end 2021, the Group had achieved a nearly 100 per cent vaccination rate. In addition, project sites have set up ART swab stations for roving subcontractors and visitors to detect any Covid-19 positive cases before they enter the site.

In June 2021, OKP also arranged for medical staff from Martin Medical Centre to conduct PCR tests at its premises so as to detect cases of its workers intermingling with



An in-house disinfection team disinfecting a site office.

workers from other companies and being infected by the Covid-19 virus. An in-house disinfection team was set up at each project site to disinfect the premises should there be any Covid-19 positive cases detected at that particular site. Besides practising safe distancing, all workmen have to wear disposable masks at all times during work. Sanitisers and washing facilities are provided onsite to facilitate personal hygiene. Workers working on the projects are being ferried by our designated transport to minimise the risk of spreading Covid-19 to the public and vice versa.

The Group deployed trained safe management officers and safe distancing officers onsite to ensure that these measures are effectively implemented. Any deviation will be reported to the project manager and action will be taken for repeat violators. Our safe management officers and safe distancing officers engage actively with the BCA and Ministry of Manpower officers, who visit the site offices. Communication materials such as posters and banners are displayed in common work areas where workers have access or visit frequently. Communication materials are developed as infographics and in preferred languages of most employees and expressed in plain language.

ADVOCATING A SAFETY CULTURE

The Group is aware that championing a strong safety culture will ensure safe behaviour among co-workers, resulting in an injury-free and safe workplace. We put in immense efforts to develop and execute a progressive QEHS culture in the company. For example, OKP has organised safety campaigns for all its employees. In addition, monthly project-level cross audits are implemented to provide a "third eye" to address shortfalls in the existing QEHS system and practices.

Through the years, our comprehensive construction safety programme has been reviewed and refined. This programme includes having a robust subcontractor and

supplier selection and approval process, which shortlists companies with good safety track records.

The Group instituted Behavioural Based Safety programmes at our worksites, which focuses on the employees' behaviour as the source of most work-related injuries and illnesses. By conducting reviews of current work practices, collating data from interviews and observations, trained observers would identify the main cause of the respective group's or worker's unsafe behaviour. Safe or model behaviours would be developed to help the respective group or worker, thus improving the workers' welfare and performance and attitudes towards safety.

At OKP, we also continuously involve all staff on the corporate safety promotion programmes to foster safety awareness at all organisational levels and strengthen its aim to make the workforce's safety a top priority. Safety promotional activities included the Your Hands are Important safety campaign, Dengue Prevention campaign (jointly conducted with the Land Transport Authority and National Environment Agency), monthly mass safety talks and regular incentives for employees with excellent safety performance/behaviour. To recognise workers for displaying exemplary behaviour and safe work practices, the Group identifies each month a safety conscious employee, who will be rewarded with NTUC vouchers as a token of appreciation.

We continue to develop a systematic way of checking the safety performance and knowledge of our employees. All staff carry a personnel safety card that records types of safety training each has attended and safety infringement committed. Workers with poor safety knowledge and records would be identified by their supervisors and recommended for further training and would also be closely monitored.

We have printed our own safety handbook which contains the "dos and don'ts" to help the workforce understand house safety rules and regulations, and procedures for doing work safely. We also publish Safety Alerts and a Safety Bulletin to share valuable information on local and international safety-related matters.

Emergency drills are conducted regularly at all our worksites to fortify emergency preparedness in handling any potential incidents such as fires, chemical spillages and fall-from-height incidents. The Group conducts coordinated joint exercises such as rescue drills at its worksites with external agencies such as the Singapore Civil Defence Force.



Site tool box meeting taking place at site.

EMBRACING & HARNESSING TECHNOLOGY

Understanding that the impact and advantages of technology on our business today cannot be ignored, OKP continues to look for relevant technologies that are suitable our business and help us to be more efficient.

The Group has adopted Building Information Modelling (BIM), which has helped OKP to reduce human errors that lead to project delays, wastage of materials and help to streamline processes. The benefits translate to shorter life cycles for the projects and cost saving, leading to an increase in overall profits. In addition, BIM enhances the communication between the project team members by reducing miscommunication errors, as we see the same sequence of works, potential errors and the end product even before it is being constructed.

Digitising our Permit to Work (PTW) System by using apps developed specially for our business, has helped us in reducing time and paper wastage. In the construction industry, the contractor and subcontractors deal with a lot of permits to manage hazardous work and with the need to get approvals for certain works. Instead of using paper forms, they can apply for permits using their mobile devices and are notified when actions are required. Safety officers can conduct safety inspections and validate PTW at once. Remedial actions are also easy to check and monitor. The project managers can also monitor all PTWs' status in real time. As all PTW data and photos are saved on the cloud-based server, it can be checked anytime by retrieving from the cloud platform.

The whole PTW process is also easy to monitor on dashboards, which are accessible on desktops and mobile devices. PDF versions of the PTW reports are also created immediately and archived in the system. Thus, the mobile app is fast and easy to use, and saves time. This approach has greatly improved productivity and efficiency for the Group.

The Group has also installed CareDrive Proximity Warning System in excavators to give an alert when workers work too close to the machines. Alerting the excavator operator if another worker is too close will help prevent accidents.

DEVELOPING QEHS TRAINING AND COMPETENCY

Our employees play a crucial role toward the successful execution of our workplace safety and health management system. As such, OKP has produced a corporate health and safety induction package, which contains the latest health and safety rules and practices.

We educate our workforce at all levels, equipping them for the challenging construction environment through programmes offered by the Ministry of Manpower-approved training centres. It is mandatory for all management staff and engineers to take part in safety courses such as the construction safety course for project managers, and risk management course. These courses equip them with the regulatory requirements to handle the roles of risk management leaders to reduce risks at source. As part of the Group's orientation programme, supervisors instruct new recruits on the highest standards of QEHS requirements through a health and safety induction programme. The

GOVERNANCE AND SUSTAINABILITY SAFETY AND ENVIRONMENTAL AWARENESS

safety team frequently updates its in-house safety training and education programme for both new and existing workers to train them with the required knowledge.

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



Construction Safety Audit Scoring System briefing conducted at one of the sites.

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

Our senior management and staff also attended courses and conferences to update themselves on the latest best practices. For example, on 14 November 2019, 10 OKP senior staff attended the QEHS Internal Auditor – ISO 45001: 2018 course so that they could confidently conduct a comprehensive internal audit on our QEHS management system and recommend improvements so that we can comply with the ISO 45001: 2018 standard. Two OKP directors attended the XXI World Congress on Safety and Health at Work 2017, the largest and most important international conference on workplace safety and health, in Singapore on 3 to 6 September 2017. On 16 November 2017, five OKP senior staff attended the QEHS Internal Auditor – ISO 9001: 2015, ISO14001: 2015 and OHSAS 18001:2007 courses.



Safety Committee meeting being held at site office.

In addition, we are committed to safeguarding and maintaining the natural environment through a range of ongoing activities such as waste management, energy conservation and water conservation. As a responsible company which seeks to offer a pleasing environment for our clients, staff and the community, we undertake to reduce and control construction site noise and vibration, and provide a harmonious and injury-free environment for all stakeholders. The Group also engaged noise specialist Affinity Engineering Consultancy Pte Ltd to advise on the best way to mitigate and monitor loud noise so as to protect our stakeholders around our project sites. This measure helps OKP to avoid complaints and demonstrated to our clients and nearby residents that we are a responsible contractor. In addition, the waste produced by our construction activities is properly managed to reduce the impact to the surrounding environment. Hence, we have engaged a licensed professional waste collector company to provide a service for all projects.

Other ongoing green efforts at worksites include implementing effective earth control measures onsite to prevent silty water from polluting public drains, and reducing and treating waste water from construction activities in treatment plants before releasing into the public drainage system. The workforce also seeks to minimise water consumption and emissions, and use solar-powered devices. The Group uses solar CCTV cameras relying on solar panels to power the security cameras at all its project sites. With solar CCTV cameras in a security system, OKP ensures an environmentally sustainable and self-renewing power source for 24-hour surveillance.

To ensure continuous improvement, the Group strives to create a work environment that encourages everyone to be part of the solution so that each can feel that he is an important member who influences the success of EHS achievements.

GOVERNANCE AND SUSTAINABILITY
OUR CUSTOMERS

Over the past several decades of managing our Group's business, we have grown as a company mainly due to the backing of our various customers and partners. We continue to be deeply appreciative of them, as they have supported us through the ups and downs of the business cycle. We recognise that our customers are a vital factor in OKP's growth and success. Their unstinting support has enabled us to flourish from a sole-proprietorship in 1966 to become an established public listed company today.

This is particularly so in the past two years when the Covid-19 pandemic caused major disruptions worldwide, including Singapore. With a partial lockdown plus stringent restrictions in place to curb the spread, the local construction industry has been severely affected. All non-essential workplaces ceased operations from 7 April 2020 and it was only in June 2021 that approval was given for project teams to restart their sites' activities. Throughout this challenging period, the Group worked closely and in tandem with its customers, subcontractors and suppliers to follow the authorities' legislations and measures to ensure safety for workers and facilities.

At OKP, we view our relationships with our customers from a long-term perspective, establishing relationships that are mutually advantageous. We are assured that our customers value our wide expertise, good teamwork and top-notch services while on our part, we will continue to upgrade our skills, broaden our knowledge and expand our business through our customers' projects. We want to give our clients the confidence that we have their best interests at heart and will do our utmost to deliver quality results. Our customers' steadfastness and trust have enabled us to prevail amidst challenges and become a reputable transport infrastructure and civil engineering contractor in Singapore and the region today.

MEETING OUR CUSTOMERS' NEEDS EFFECTIVELY

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.

The Group emphasises to all employees that they are to be very focused in delivering on our service promise. With the aim of fulfilling our service promise to our customers effectively, our staff work as a united team to realise our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, OKP aims to fulfil this service promise by training and encouraging its staff to support its customers to the best of their abilities and at all times. We

empower our workforce to listen attentively and patiently to our customers' feedback, and work in sync with them to identify their business issues and solve them satisfactorily. We give our workforce the necessary authority, resources and support to produce new ideas to tackle our customers' problems efficiently. Our employees seek to solve the root of a customer's problems instead of merely treating the symptoms, and through this approach, resolve the issue.

At our worksites, the health and safety of our clients and partners are the Group's priority. We work together with them to ensure that our safety standards comply with all applicable rules and regulations. For both customers and ourselves, delivering a project on time and on budget is important for the successful completion of all projects. To attain this goal, we work meticulously with our customers to complete the projects within the stipulated contract terms.



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

DELIVERING ON OUR SERVICE PROMISE

To deliver on our service promise in the very competitive business environment in Singapore and the region, we believe that customer satisfaction is key for sustaining our business. We recognise the fact that customer satisfaction has been a major factor in our business' continual growth and success. As such, our management team and supervisors engage closely and regularly with our customers in order to ensure the smooth and satisfactory completion of all projects.

We believe that when we deliver on our projects on time and on budget, and exceed our customers' expectations, they will have greater confidence in us. Therefore, we consciously walk the extra mile to increase this trust and develop a solid reputation by ensuring that we deliver all projects with the highest standards of reliability, integrity and efficiency. Through our many decades of operational

GOVERNANCE AND SUSTAINABILITY OUR CUSTOMERS

experience, we have developed aims to attain a high level of customer service. We believe that these goals have helped us to build strong rapport with our customers and keep them happy.

At OKP, we seek to respond promptly to our customers' requirements and provide relevant answers to their issues; and offer reliable and ethical business practices that put our customers' interests first. In this way, we win over our customers' trust, thus enabling us to establish stronger relationships.

EXPANDING OUR CUSTOMER BASE

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

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

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

With our strong expertise, vast experience, solid track record and good reputation for delivering results, we have an excellent platform to increase our customer base and develop a sustainable and profitable business for the long term in Singapore and the region.

SECURING CONTRACTS FROM REPEAT CUSTOMERS

The Group takes a holistic approach in its customer service by establishing long-term and mutually beneficial relationships with its customers. To us, each customer relationship is a sustainable partnership to be nurtured and maintained at all levels and all times. Our belief is that fortifying and sustaining steadfast relationships with customers is the foundation of our business success.

Following this approach, OKP has prioritised over the past years to enlarging and fostering many strong and loyal partnerships. This method has resulted in many repeat projects from various customers over the many years that the Group has been in business. Indeed, we are grateful for these repeat customers, who are a testimony to our professionalism, excellent work and quality service standards.

Winning contracts from many returning customers is not easy. The repeat business is the result of our competitive cost position and excellent past performances, which we believe are two key factors for winning new projects. Moreover, the time and effort we put in developing and nurturing our customer relationships have played a crucial role in clinching such projects. Certainly, our employees' focus in delivering high standards and quality projects to our customers is just as important in winning new and repeat contracts.

BEING A RELIABLE PARTNER TO OUR CUSTOMERS

As the world and Singapore suffered from the upheavals due to the Covid-19 pandemic, many businesses have been severely affected. During the period of lockdowns and restricted movements, our customers face similar difficulties as OKP in maintaining their business, productivity, and business costs, sometimes with limited financial and physical resources.

Although we have our own plans to ride through the Covid-19 crisis and steadily grow with purpose to realise our vision, we also want our customers to overcome their challenges and be successful like us. Our approach is to support them by being an unwavering and steadfast partner by ensuring that our contracts are priced fairly and reasonably to reflect current market conditions. With our good track record in civil engineering and infrastructure works and as a well-recognised market leader in public sector construction projects, OKP is in an excellent position to assist our customers to tide over current constraints, act ethically and work jointly to win and execute projects. By supporting our various customers and partners, we can ensure success together.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

The Group is not only involved with its customers professionally through business activities at project sites and meetings. We also support them in other ways such as offering sponsorships, and organising and hosting joint events.

GOVERNANCE AND SUSTAINABILITY

INVESTOR RELATIONS

ENSURING GOOD INVESTOR RELATIONS

With the increasing demand for listed companies to show greater transparency and corporate governance in their business affairs, investors look for clear and apt disclosures. In response to this need, the Group seeks to provide its stakeholders with well-timed and accurate information on its business and financial performance.

We are dedicated to ensuring that our investors have the required information and are kept up-to-date on our strategic directions, business operations and market situation to assist them in making informed investment decisions.

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



OKP's corporate website www.okph.com.

Our guiding principle in relation to our shareholders is our commitment to maximising their return on investment while maintaining top-notch quality products and services. We are steadfast in developing and improving long-term value for all our investors and stakeholders. We seek to create a steadfast and sustainable company by achieving a wide range of capabilities and increasing our skills, track record and knowledge so as to fulfil our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this method, we can achieve stable business growth and deliver positive results to meet the expectations of our shareholders and investors.

To maintain our leadership position in the competitive arena, we actively monitor the external business and macroeconomic environment affecting our business and tackle issues strategically. We keep abreast of best practices by establishing sound management practices and efficient operational processes. We highlight to all our employees the importance of delivering top-quality services which exceed customers' expectations.

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

PRACTISING GOOD CORPORATE GOVERNANCE

As a listed company, OKP is committed to ensuring excellent corporate governance, whereby it manages, directs and balances the interests of all its stakeholders, which include customers, workforce, suppliers, business partners, investors and the public. We fully believe that strong corporate governance is important in acquiring and retaining investors' trust and backing as well as attracting new investors.

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

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

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

Currently in its 13th year, the SGTI is a unified framework comprising two separate categories – the General Category, and the REIT and Business Trust Category. For the General

GOVERNANCE AND SUSTAINABILITY
INVESTOR RELATIONS

Category, the SGTI score has two components – base score and adjustment for bonuses and penalties. The base score for companies contains five pillars (BREAD) – board responsibilities (35 points), rights of shareholders (20 points), engagement of stakeholders (10 points), accountability and audit (10 points), and disclosure and transparency (25 points). All these add up to a base score of 100 points. The aggregate of bonuses and penalties is incorporated to the base score to arrive at the company's SGTI total score.

A Business Times report on 5 August 2021 ranked OKP 328 in the SGTI 2021 with an overall score of 63, including 1 penalty point. In comparison, it was ranked 157 in SGTI 2020 with an overall score of 75. The SGTI 2021 covers 577 listed companies in the General Category, and 45 REITs and Business Trusts that released their annual reports before end June 2021.

The Group's approach is to proactively engage the investment community by providing the latest information on corporate developments to assist investors and other stakeholders in making well-informed investment decisions. We believe that this transparency contributes greatly towards a good understanding of OKP and its activities, as well as enable the investing community to evaluate our performance.

As a responsible company dedicated to good corporate governance, we fully support the Corporate Governance Week 2021, which is organised annually by the Securities Investors Association (Singapore). Its focus on building and implementing excellence in corporate governance resonates with the way the company manages its business and how it communicates with its shareholders.



Our representatives took part in SID Directors Virtual Conference 2021, which had the theme Asia's Renaissance – The New Era of Recovery and Reopening and was held on 8–9 September 2021. We also participated in the Construction and Facilities Management Prospects Dialogue 2021 which was organised by the Building and Construction Authority and held on 25 March 2021.

• INVESTOR RELATIONS POLICY

The Group has a clear IR policy, which is to guarantee objective, transparent and principled business dealings with all its stakeholders. We make it a point to release relevant and material information according to these basic principles and in accordance with the SGX's rules. We provide shareholders and other parties in the financial

markets simultaneously with the same and concurrent information about matters that may impact the movement of our share price. The Group has won numerous awards and accolades over the years, which testify to its IR efforts and commitment to excellent corporate governance. These accolades include the following:

- Runner-up in the Most Transparent Company Award in the Construction and Materials, and Mainboard Small Caps categories at the Securities Investors Association (Singapore) (SIAS) 16th Investors' Choice Awards 2015;
- Best Investor Relations Award (Gold) in the "Companies with less than \$300 million market capitalisation" category at Singapore Corporate Awards (SCA) 2015;
- Merit for the Singapore Corporate Governance Award under Mainboard Small Caps category; and runner-up for the Most Transparent Company Award in the Constructions and Materials category at SIAS 15th Investors' Choice Awards 2014;
- Best Investor Relations Awards (Bronze) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2013;
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 14th Investors' Choice Awards 2013;
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 13th Investors' Choice Awards 2012;
- Best Investor Relations Awards (Bronze) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2012;
- Best Investor Relations Award (Gold) in the "Companies with less than \$300 million in market capitalisation" category at SCA 2009; and
- Best Investor Relations Award (Silver) in the Small Market Capitalisation category at SCA 2008.

• DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of dividend payable on our shares will depend on several factors. These include OKP's financial position, results of operations, capital needs, expansion plans, and what the Board of Directors deems appropriate. The Group has proposed a dividend payout of 155.6 per cent (2020: 65.4 per cent) in 2021.

ENGAGING ACTIVELY WITH SHAREHOLDERS

In today's demanding investment environment with calls for better corporate governance, we are fully aware the importance of engaging and communicating effectively with all our stakeholders. However, with the restrictions imposed by the ongoing Covid-19 pandemic, physical meetings have been replaced by virtual connections. We

aim to promote regular two-way investor communication by using various touchpoints with existing and potential investors, financial analysts and the media. These touchpoints include group briefings to analysts, media and investors; one-to-one meetings with shareholders and potential investors; annual general meetings; annual reports; and corporate announcements and online communication via the investor relations section of our corporate website.

More details of our activities are as follows:

• ANNUAL GENERAL MEETING



Live AGM webcast was held on 26 April 2021.

The annual general meeting (AGM), which is held every April, is a major avenue for the Group to interact with investors. Depending on the prevailing safe distancing requirements, the AGM may be held virtually. Besides offering an occasion for investors to clarify any concern, the AGM also enables the Board of Directors and senior management team to brief shareholders on the company's latest developments. The AGM also provides 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 answer

questions from shareholders relating to the past, current and future directions of OKP's business, explain decisions made and tackle all issues raised. Shareholders may also submit written questions relating to the annual report and we will reply to their questions.

• ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS

As an organisation which aims for clear, open and precise disclosure to help investors in making informed decisions on investments, we make it a priority to issue timely announcements on new contracts, strategic developments, financial results and other significant information. We do this through the SGXNet website, press releases, email alerts and our investor-friendly website.

Our investor relations website is an important avenue through which we broadcast our news to the investment community. It is a resource for corporate, financial and stock information, and announcements of significant business developments. The website also houses our half-yearly results and annual reports. Since 2003, OKP has featured webcasts comprising videos of full-year results, messages and presentation slides, thus allowing those who could not attend the AGMs to be kept well informed of our latest financial and operational performance. All our announcements are posted immediately on our website, following its release to the SGX to ensure fair, equal and instantaneous dissemination of information. In this way, all shareholders and investors can keep up-to-date on our latest business developments immediately and effectively.

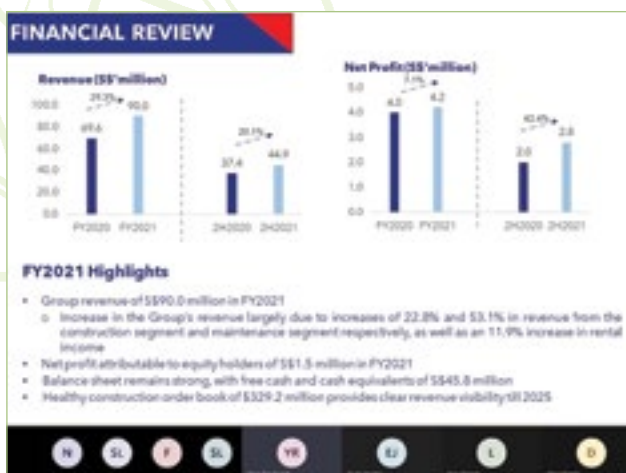
• ANALYST AND MEDIA BRIEFINGS

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



Group Managing Director Mr Or Toh Wat giving a full year results briefing.

GOVERNANCE AND SUSTAINABILITY
INVESTOR RELATIONS



OKP held a virtual results briefing for FY2021 on 3 March 2022.

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

News about OKP have been published in various newspapers, journals, magazines and broadcast media. These included The Business Times, Lianhe Zaobao, The Straits Times, The Edge Singapore, Singapore Business Review, Today Online, Shares Investment, Biz Daily Online, Reuters, Channel NewsAsia, High Net Worth, BT Invest, i3investor.com and Inside Invest Magazine. Two articles in 2021 had the headings, "With PIE accident behind us, OKP resumes contract wins; eyes more shophouses for more recurring income" (The Edge Singapore, 18 October 2021) and "High steel prices could hit construction industry" (The Business Times, 22 February 2021).



Article from The Edge Singapore.

• **ANNUAL REPORT**

Our annual report is a vital communication channel for stakeholders and other interested parties. Thus, we give great attention to ensure that the publication gives an accurate and comprehensive view of our activities during the year as well as our developments, policies and strategic direction in the future. The annual report and the notice of AGM are uploaded on SGXNet and the company's website at least 14 days before the meeting. Our efforts have paid off and our annual reports have won numerous awards which 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.

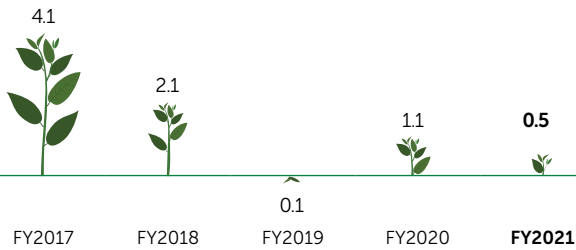
• **COMMUNICATING ONLINE**

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

Communicating online has added greater importance as the Covid-19 pandemic has imposed restrictions on people movement. Through this two-way platform, all shareholders and other interested parties will be able to email their feedback and queries to our management and be assured of a relevant response. We also update our website frequently to provide the latest information on our operations and corporate developments.

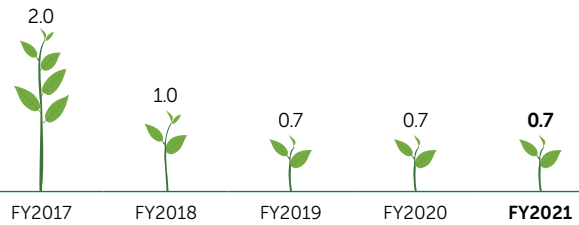
INVESTORS' RATIOS

BASIC EARNINGS PER ORDINARY SHARE
(CENTS)



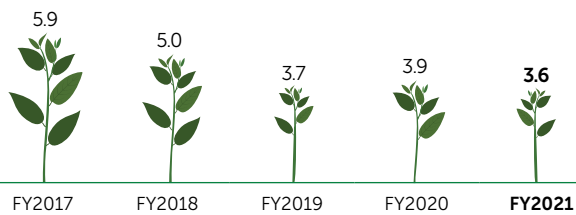
As a result of lower profit attributable to equity holders, the Company reported basic earnings per ordinary share of 0.5 cents in FY2021 as compared to 1.1 cents per ordinary share in FY2020.

GROSS DIVIDEND PER ORDINARY SHARE
(CENTS)



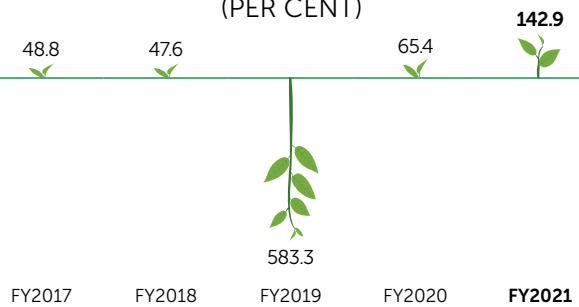
The Company is proposing a final dividend of 0.7 cent per ordinary share for FY2021 for the approval of shareholders at its forthcoming annual general meeting.

GROSS DIVIDEND YIELD
(PER CENT)



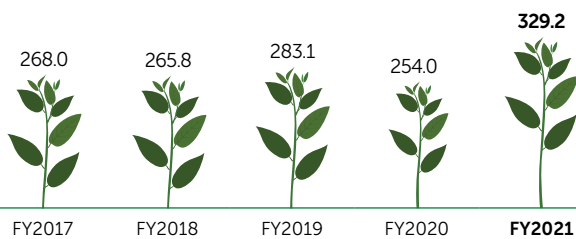
The gross dividend yield of 3.6 per cent is calculated based on the share price of 19.5 cents as at 31 December 2021.

GROSS DIVIDEND PAYOUT
(PER CENT)



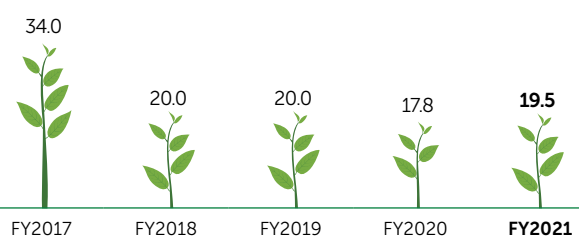
The Company is proposing a final dividend of 0.7 cent per ordinary share for FY2021 representing a dividend payout ratio of 142.9 per cent.

NET ORDER BOOK
(\$'MILLION)



The Group's net construction order book stood at \$329.2 million as at 31 December 2021 with projects extending till 2025.

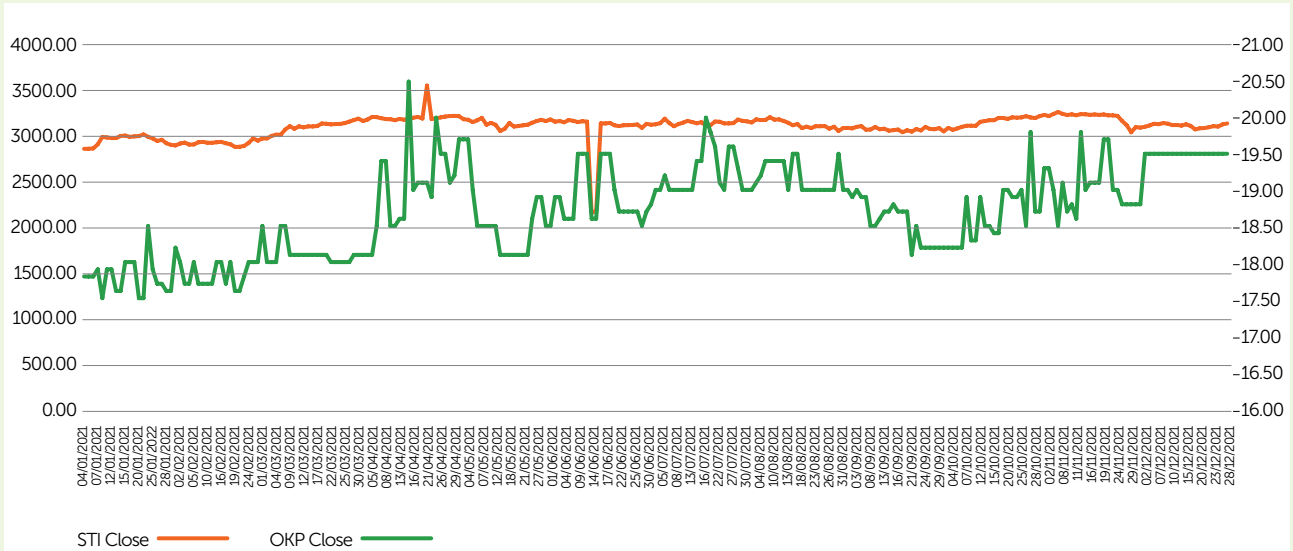
SHARE PRICE
(CENTS)



The price of our shares closed at 19.5 cents as at 31 December 2021.

GOVERNANCE AND SUSTAINABILITY
INVESTOR RELATIONS

OKP SHARE PRICE VS STI INDEX 2021



	2017	2018	2019	2020	2021
Highest Price in cents	45.00	36.50	23.00	20.00	20.50
Lowest Price in cents	29.00	19.00	19.50	14.70	17.50
31 December Closing Price in cents	34.00	20.00	20.50	17.80	19.50

FINANCIAL CALENDAR

2022	
21 February	Announcement of full year results for financial year 2021
1 April	Notice of Annual General Meeting
25 April	20th Annual General Meeting
6 May	Books Closure for Dividend Entitlement
17 May	Payment of FY2021 Final Dividends
July/August	Announcement of half year results for financial year 2022

2021	
22 February	Announcement of full year results for financial year 2020
1 April	Notice of Annual General Meeting
26 April	19th Annual General Meeting
7 May	Books Closure for Dividend Entitlement
17 May	Payment of FY2020 Final Dividends
4 August	Announcement of half year results for financial year 2021

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Board of Directors is pleased to confirm that for the financial year ended 31 December 2021, the Company has adhered to the principles and guidelines as set out in the Code. In so far as any principles and/or provisions have not been complied with, the reasons have been provided.

1. BOARD MATTERS

The Board's Conduct of Affairs

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

Our Policy and Practices:

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

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

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

*Practice
Guidance 1: Board's role*

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

*Practice
Guidance 1:
Conflicts of interest*

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

*Provision 1.2:
Directors to receive
appropriate training*

All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. The training programmes are conducted by the SID, Singapore Exchange, and business and financial institutions and consultants. All the related costs are borne by the Company. During the financial year, some of the Directors attended "SID Directors Virtual Conference 2021 – Asia's Renaissance The New Era of Recovery and Reopening" conducted by the Singapore Institute of Directors and "Construction and Facilities Management Prospects Dialogue 2021" organised by the Building and Construction Authority.

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

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

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

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

*Provision 1.3:
Matters requiring
Board approval*

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

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

*Practice
Guidance 1: Board
organisation and
support*

CORPORATE GOVERNANCE REPORT (CONT'D)

The Board held two scheduled meetings in the financial year ended 31 December 2021. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2021 is disclosed below:-

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

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

(*) – attendance by invitation of the relevant Committee

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

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

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

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC also considers whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. Where necessary, the NC will seek clarity on the Director's involvement therein and assess whether his resignation from the board of any such company casts any doubt on his qualification and ability to act as a director of the Company. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as Directors. The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Following the cessation of quarterly reporting of financial statements by the Company, the Board has conducted a review and determined that a Director may hold up to 10 listed company board representations. None of the Directors of the Company hold more than 10 listed company board representations.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

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

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

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

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

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

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

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

Board Composition and Guidance

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

Our Policy and Practices:

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

*Practice
Guidance 2:
Director
Independence*

CORPORATE GOVERNANCE REPORT (CONT'D)

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

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

One of the Directors, Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of Niru & Co LLC, which provides legal and professional services to the Group from time to time. The NC is of the view that the business relationship with Niru & Co LLC will not interfere with the exercise of independent judgement by Mr Niru in his role as an Independent Director as matters involving the Group are usually handled by the other directors of Niru & Co LLC. As such, the NC considers Mr Niru to be independent. No services were rendered by and no payment was made to Niru & Co LLC in the financial year ended 31 December 2021.

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

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

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

Practice Guidance 2: Proportion of non-executive directors

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

Provision 2.4: The Board is of an appropriate size

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

Practice Guidance 1: Director competencies

The Company recognises that diversity in the composition of the Board will provide a broader range of insights and perspectives needed to attain strategic objectives and sustainable development.

Practice Guidance 2: Board diversity policy

The Company had, since 10 July 2015, supported the Board Diversity Pledge initiated by SID and SGX-ST where the Company pledged its commitment to promote "diversity as a key attribute of a well-functioning and effective Board".

CORPORATE GOVERNANCE REPORT (CONT'D)

The Company pledged that it is committed to promoting diversity as a key attribute of a well-functioning and effective Board. The Company believes that a diverse Board will enhance decision-making by harnessing the variety of skills, industry and business experience, gender, age, ethnicity and culture, geographical background and nationalities and other distinguishing qualities of the members of the Board.

The Company has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to periodically assess the progress in achieving these objectives. The target to achieve diversity on the Board identified by the Company and to be fulfilled by the end of FY2025 include the appointment of one new independent director with core competencies not present on the Board.

In relation to gender diversity, currently one out of the nine Board members is female.

The NC reviews and assesses the Board composition and recommends the appointment of new directors where necessary. The NC conducts an annual review of the directors' mix of skills and experience to ensure that the directors possess what the Board requires to function competently and efficiently. The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

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

*Practice Guidance
2: Director
independence*

With effect from 1 January 2022, the SGX-ST Listing Manual requires the continued appointment of a director as an independent director to be approved in separate resolutions by (i) all shareholders, and (ii) shareholders, excluding the directors and the chief executive officer of the issuer and their associates (Two-Tier Voting). Such resolutions may remain in force until the earlier of (a) the retirement or resignation of the director, or (b) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions. In view of the aforesaid requirement, the continued appointment of Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng as independent directors had been approved by way of Two-Tier Voting at the Company's last Annual General Meeting on 26 April 2021.

The Independent Directors met amongst themselves without the presence of the Management once in respect of the financial year ended 31 December 2021. The Lead Independent Director provides feedback to the Board where appropriate.

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

CORPORATE GOVERNANCE REPORT (CONT'D)**Chairman and Chief Executive Officer**

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

Our Policy and Practices:

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

*Provision 3.1:
Chairman and CEO
are separate persons*

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

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

- 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.

*Practice
Guidance 1: Scope
of Director Duties*

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

*Provision 3.3:
Appointment of LID*

*Practice
Guidance 2: Role of
the LID*

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

Board Membership

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

Our Policy and Practices:

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

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

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

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

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

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

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

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

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

- (a) the NC will evaluate the candidates skilled in core competencies such as technical, financial or legal expertise and experience in a similar or related industry, determine the selection criteria in consultation with the Board, and select candidates with the appropriate expertise and experience for the position, taking into account the value of diversity on the Board and the relevant experience, expertise and skillsets that will benefit the Group's business;

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

CORPORATE GOVERNANCE REPORT (CONT'D)

- (b) the NC will use external help, which includes the Company's auditors, its human resources consultants and the Singapore Institute of Directors, to source for potential candidates if needed. Directors and the Management may also make recommendations;
- (c) the NC meets the shortlisted candidates to assess suitability and ensure that candidates are aware of the expectation and the level of commitment required; and
- (d) the NC then makes recommendations to the Board for approval.

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

Provision 4.4: NC to determine director independence annually

Currently, the Company does not have alternate directors.

Practice Guidance 4: Appointment of alternate directors

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

Provision 4.5: Key information regarding directors

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

Name	Age	Position	Date of initial appointment	Date of last re-election
Mr Or Kim Peow	87	Group Chairman	15 February 2002	27 April 2020
Mr Or Toh Wat	54	Group Managing Director	15 February 2002	26 April 2021
Mdm Ang Beng Tin	66	Executive Director	20 March 2002	26 April 2021
Mr Or Kiam Meng	57	Executive Director	20 March 2002	27 April 2020
Mr Oh Enc Nam	66	Executive Director	20 March 2002	29 April 2019
Mr Or Lay Huat Daniel	44	Executive Director	1 August 2006	29 April 2019
Dr Chen Seow Phun, John	66	Lead Independent Director	25 June 2002	27 April 2020
Mr Nirumalan s/o V Kanapathi Pillai	69	Independent Director	1 June 2005	26 April 2021
Mr Tan Boen Eng	89	Independent Director	25 June 2002	29 April 2019

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

Mr Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng will retire by rotation at the forthcoming AGM and be subject to re-election by the Company's shareholders.

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

Board Performance

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

Our Policy and Practices:

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

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

(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 2021.

(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 2021.

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

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

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2021.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Our Policy and Practices:

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

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

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

Provision 6.1: The Board establishes RC to review and make recommendation

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

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

Provision 6.2: RC comprises at least three non-executive directors, majority of whom are independent

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

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

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

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC aims to be fair and avoid rewarding poor performance. The RC will obtain advice from external consultants for benchmarking, where necessary.

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

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other listed companies. The RC may from time to time seek advice from external remuneration consultants who are unrelated to the Company, at its discretion.

Provision 6.4: The company discloses the engagement of any remuneration consultants

CORPORATE GOVERNANCE REPORT (CONT'D)

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Our Policy and Practices:

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

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

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2021, variable or performance-related income/bonus made up 15% to 16% of the total remuneration of each Executive Director. The variable remuneration is reviewed and approved by the RC to ensure alignment of the Directors' interests with those of shareholders and promote the long-term success of the Group.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the employment conditions in the industry and in comparable companies. The Company benchmarks the Directors' annual fixed salary at the market median with the variable compensation being performance driven.

The Independent Directors do not have any service agreements with the Company. They are paid director's fees, which are proposed by the Board based on the effort, time spent and responsibilities of the Independent Directors. Each of the Independent Directors receives a base director's fee. Independent Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairmen of the Board Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committee. The director's fees are subject to approval by the shareholders at each AGM of the Company. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

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

There are no termination or retirement benefits that are granted to the Directors. The RC is currently of the view that it is not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Directors in the event of such breach of fiduciary duties.

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Our Policy and Practices:

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

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

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

Executive Directors do not receive directors' fees. The Company advocates a performance-based remuneration system for Executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2021 is as follows:

Remuneration Band & Name of Director	Base/ fixed salary *	Variable or performance related income/ bonuses	Directors' fees **	Directors' Allowance	Benefits-in-kind	Total
\$500,000 to \$749,999						
Mr Or Kim Peow	70.0%	15.0%	–	9.0%	6.0%	100.0%
\$250,000 to \$499,999						
Mr Or Toh Wat	70.0%	16.0%	–	10.0%	4.0%	100.0%
Mdm Ang Beng Tin	68.0%	16.0%	–	11.0%	5.0%	100.0%
Mr Or Kiam Meng	68.0%	16.0%	–	11.0%	5.0%	100.0%
Mr Oh Enc Nam	68.0%	16.0%	–	11.0%	5.0%	100.0%
Mr Or Lay Huat Daniel	68.0%	16.0%	–	11.0%	5.0%	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 Group has three key management personnel (who are not Directors of the Company).

CORPORATE GOVERNANCE REPORT (CONT'D)

A breakdown showing the level and mix of the three key management personnel (who are not Directors of the Company) in the financial year ended 31 December 2021 is as follows:

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	78.0%	17.0%	5.0%	100.0%
Below \$250,000				
Mr Or Yew Whatt ^{(1), (3)}	83.0%	13.0%	4.0%	100.0%
Mr Oh Kim Poy ^{(2), (3)}	86.0%	14.0%	–%	100.0%

* Inclusive of allowances and Central Provident Fund contributions

(1) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow, the Group Chairman and the brother of Mr Oh Enc Nam, the Executive Director.

(2) Mr Oh Kim Poy is the brother of Mr Or Kim Peow, the Group Chairman.

(3) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary of the Company.

The total remuneration paid to the above key management personnel for the financial year ended 31 December 2021 was \$630,033 (31 December 2020: \$609,286).

Save as disclosed above, there was no employee of the Company and its subsidiary corporations who are substantial shareholders of the company, or are immediate family members of a Director, the Group MD or a substantial shareholder and whose remuneration exceeded \$100,000 during the financial year ended 31 December 2021. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of each employee who was an immediate family member of a Director in bands of up to \$100,000.

The Company has adopted the OKP Performance Share Scheme ("PSS") to increase the Company's flexibility and effectiveness in its continual efforts to reward, retain and motivate employees to achieve superior performance. The PSS was approved by the shareholders at the Extraordinary General Meeting held on 29 April 2019 and is in force for a period of 10 years. Please refer to the Company's circular dated 1 April 2019 for details of the PSS.

Since the commencement of the PSS and during the financial year under review, no award of shares have been granted under the PSS.

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

*Provision 8.3: Details
of employees share
schemes*

CORPORATE GOVERNANCE REPORT (CONT'D)

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risks and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Our Policy and Practices:

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. The Company's approach to risk management is set out in the "Risk Assessment and Management" section on pages 122 to 131 of this Annual Report.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. In addition, the Board sets the appropriate risk tolerance limits for each risk by considering the relative importance of the objectives.

The AC reviews the effectiveness and adequacy of the Group's risk management framework and internal control systems including financial, operational, compliance and information technology controls on an annual basis. In August 2012, the AC engaged an external risk management consultant, Nexia TS Risk Advisory Pte Ltd, to conduct an independent review of the effectiveness and adequacy of the Group's risk management policies and processes and make recommendations to enhance the internal controls over the risk management processes.

On an annual basis, the internal auditors will conduct a review of the internal controls which address the risks identified by the external risk management consultant. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditors in the course of their statutory audit.

The Management has made reference to the report prepared in August 2012 and reported to the AC for the financial year ended 31 December 2020, on the Group's risk profile, the status of the risk mitigation action plans and updates on the following areas:

- Description of the procedures and systems in place to identify and assess risks to the Group's businesses;
- Identify the gaps in the risk management processes and action plans to address the gaps; and
- Plan/actions undertaken by the Management to manage the key risk areas.

The Board, with the assistance of the AC, has undertaken an annual assessment of the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks. The Board has taken into account all significant aspects of risks, especially the safety aspects following a worksite incident at TPE/PIE on 14 July 2017. In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board has reviewed the risks which the Group is exposed to and understood the internal controls in place to manage them.

The Board has always believed that it should conduct itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices as a means to build an excellent business for the shareholders. The Board is accountable to shareholders for the Company's performance.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

Prompt fulfilment of statutory reporting requirements is but one way to maintain the shareholders' confidence and trust in the Board's capability and integrity. The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a regular basis. This responsibility extends to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

The Board reviews operational and regulatory compliance reports from the Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a periodic basis. Furthermore, the Management has been providing all the Executive Directors (who represent more than 60 per cent of the Board) with monthly consolidated financial reports. However, such monthly consolidated financial reports may not always be reflective of the true and fair view of the financial position of the Group.

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC. The external risk management consultant and the internal auditors assist the AC in carrying out its responsibility.

The Board has obtained written assurance from the Group MD and the Group Financial Controller that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Provision 9.2: The Board received assurance from the CEO and CFO

Based on (i) the Group's framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; and (iii) the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 31 December 2021.

SGX Listing Rule 1207(10)

Audit Committee

Principle 10: The Board has an Audit Committee (AC) which discharges its duties objectively.

Our Policy and Practices:

The AC of the Company was formed on 10 July 2002 and comprises entirely Independent Directors, namely :

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

Provision 10.2: The AC comprises at least three non-executive directors, majority of whom are independent

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.

CORPORATE GOVERNANCE REPORT (CONT'D)

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and cooperation of, the Management. The AC has full discretion to invite any Director or key management personnel to attend its meetings, as well as access to reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the independent auditors.

*Provision 10.1:
Duties of the AC*

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities. The AC carries out its functions in accordance with the Companies Act and the Code. The key terms of reference of the AC are as follows:

- To review audit plans of the Company's external auditors and internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the external auditors;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the external audit, and where the external auditors provide non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the external auditors;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release to the SGX-ST;
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assurance from the Group MD and Group Financial Controller on the financial records and financial statements;
- To oversee and monitor whistleblowing;
- To recommend to the Board the appointment, re-appointment or removal of the external auditors and approve the remuneration and terms of engagement of the external auditors; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

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

*Provision 10.3:
The AC does not
comprise former
partners or directors
of the company's
existing auditing
firm or auditing
corporation*

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 2021. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

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

The AC met with the external auditors two times during the financial year ended 31 December 2021 and once in February 2022, 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 ending 31 December 2022.

*Provision 10.5: AC
meets with the
external auditors
and IA without the
presence of the
Management*

CORPORATE GOVERNANCE REPORT (CONT'D)

The AC has evaluated the quality of work performed by the external auditors based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria, including emphasis on quality by the audit engagement partner and the audit firm, allocation of adequate and appropriate human resources, substantial involvement of the audit engagement partner and exercise of professional scepticism. The AC has reviewed and is satisfied with the standard of the external auditors' work.

*Provision 10.1 (e):
AC to review
the adequacy,
effectiveness,
independence,
scope and results of
the external audit of
the company*

The fees paid by the Company to the external auditors for audit and non-audit services (namely, tax advice) in the financial year ended 31 December 2021 amounted to \$180,000 (2020: \$169,110) and \$54,000 (2020: \$35,200) respectively. The AC has undertaken a review of all non-audit services provided to the Company by the external auditors and, in the AC's opinion, they would not affect the independence of the external auditors. As such, the AC has recommended the re-nomination of the external auditors.

Some of the joint venture companies and associated companies of the Group are being audited by independent auditors other than those of the Company. The AC is satisfied that the scope of the audit performed by these other independent auditors is adequate.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

Pursuant to the requirements of the SGX-ST, an audit partner must not be in charge of more than five consecutive annual audits but may then return after two years. The financial year ended 31 December 2021 is the fifth year for which the current audit partner of Nexia TS Public Accounting Corporation is in charge of the audit of the Group.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy since December 2006 (updated in July 2009 and January 2022) which sets out the procedures for employees and other persons to raise concerns about possible misconduct or wrongdoing relating to the Company and its officers, including improprieties in financial reporting or other matters.

*Provision 10.1 (f):
AC to review the
existence of the
whistle-blowing
policy*

The AC is responsible for oversight and monitoring of whistleblowing. The whistle-blowing policy has been reviewed by the AC and approved by the Board. The AC is satisfied that appropriate arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The whistle-blowing policy provides for the following:

- (a) all cases reported are independently investigated by an investigation unit established by the AC;
- (b) all reports are handled confidentially, except as necessary or appropriate to conduct investigation or to take remedial action, and the identity of the whistle-blower will be kept confidential and confined to the AC and the investigation unit so long as it does not hinder investigations;
- (c) action will be taken to protect the whistle-blower, who has raised a genuine concern in good faith, from detrimental or unfair treatment, and such person shall not suffer reprisal even if he turns out to be mistaken;
- (d) appropriate remedial measures are taken where warranted; and
- (e) 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.

The Policy seeks to protect the whistle-blowers from any unfair treatment as a result of their reports. The Group is committed to ensure protection of the whistle-blower against detrimental or unfair treatment.

CORPORATE GOVERNANCE REPORT (CONT'D)

The whistle-blower should report his/her concern to the Chairman of the AC, who will handle all reported cases and ensure that issues raised are properly resolved by the Management or such parties as appropriate.

A whistle-blowing 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. A copy of the Policy and the whistle-blowing contact are published on the Company's website.

There were no whistle-blowing reports received during FY2021 and up to the date of this Report.

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 2021, the changes in accounting standards did not have any significant impact on the Company's financial statements. The AC also attended external seminars on finance, corporate governance, regulatory and other business related topics.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Company's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Company.

*Practice
Guidance 10: A:
AC to ensure
internal audit
function is
adequately
resourced*

A copy of the AC report is set out on pages 120 to 121 of this Annual Report.

The AC is satisfied that the IA is staffed by suitably qualified and experienced personnel. The IA team comprises one executive director and one internal audit manager. The executive director is a member of the Singapore Chapter of the Institute of Internal Auditors. The IA is expected to meet or exceed the standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC had reviewed and approved the internal audit plan and reviewed the results of the internal audit. The AC is satisfied that the internal audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

*Practice
Guidance 10: AC to
ensure adequacy
and effectiveness
of the internal audit
function*

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. Internal audit plans are also aligned with the Company's risk management programme. The aim is to ensure that an effective and efficient control environment is in place to manage those risks exclusive to a particular business unit in addition to those that may be relevant on an enterprise-wide basis. During the year, the IA adopted a risk-based approach with the overall objective to focus on control weaknesses which had been highlighted by Nexia TS Risk Advisory Pte Ltd, the external risk management consultant, who had been engaged by the Company in 2012 to conduct an independent review of the effectiveness and adequacy of the Group's risk management policies and processes.

CORPORATE GOVERNANCE REPORT (CONT'D)

The AC is responsible for hiring and evaluating the IA by examining:

- (1) the internal audit charter;
- (2) the scope of the IAs' work;
- (3) the quality of their reports and
- (4) their independence of the areas reviewed.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Our Policy and Practices:

Shareholders are informed of general meetings through notices published in the newspapers and reports or circulars sent to all shareholders and via the Company's website. The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. Shareholders are informed of the voting rules and procedures at the general meeting.

Provision 11.1: The company provides shareholders with opportunity to participate effectively and vote at general meetings

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's provision regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

Provision 11.2: Company tables separate resolutions at general meeting

The Group Chairman, Group MD, Directors, Group Financial Controller and Company Secretary are in attendance at AGMs and EGMs to take questions and feedback from shareholders. The members of the AC, NC and RC are also present at AGMs to answer questions relating to the work of these committees. The external auditors, Nexia TS Public Accounting Corporation, are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditors' report.

Provision 11.3: All directors attend general meetings of shareholders

In view of the COVID-19 outbreak and the safe distancing measures implemented by the authorities, the Company held its 19th AGM on 26 April 2021 by electronic means in line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders were requested to submit questions relating to the items on the agenda of the AGM via a website link and the questions were addressed ahead of the AGM. Shareholders who wish to vote at the AGM were requested to submit a proxy form appointing the Chairman of the AGM to cast votes on their behalf.

CORPORATE GOVERNANCE REPORT (CONT'D)

For the forthcoming 20th AGM on 25 April 2022, the Company will also hold it by electronic means. The notice of AGM, together with this Annual Report 2021, will be made available to shareholders at least 21 days before the scheduled AGM date. Shareholders will be given at least 7 calendar days after the date of notice of AGM to submit their questions. The Company will publicly address all questions at least 72 hours prior to the closing date and time for the lodgement of the proxy forms. Details on the pre-registration, submission of questions and voting at the AGM by shareholders are set out in the notice of AGM.

*Provision 11.4:
Shareholders should
be allowed vote in
absentia*

The Company strives to maintain a high standard of transparency and to promote better investor communications. The Board supports active shareholder participation at AGMs and EGMs and views such general meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The Annual Report is available on SGXNet and the Company's corporate website and may be sent to shareholders upon request. Notices of general meetings will also be published in the Business Times and/or other newspapers.

*Provision 11.5:
Minutes to be
available to
shareholders*

The Company believes in encouraging shareholder participation at general meetings. The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company prepares minutes of general meetings and makes these minutes of the discussion at the general meetings available to shareholders upon their request. Where the AGM is held by electronic means, the minutes will be made available on SGXNet and the Company's corporate website within one month after the AGM.

Dividend policy

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

*Provision 11.6: The
Company has a
dividend policy*

Over the past five financial years up to 2021, the Group had declared total annual dividends at the rate of approximately 47.6% to 142.9% of the net profit attributable to equity holders of the Company. To reward shareholders for their continuous support, the Group has proposed a final dividend of 0.7 cents per share for the financial year ended 31 December 2021.

Any dividend payments are clearly communicated to shareholders via announcements on SGXNET.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Our Policy and Practices:

The Company believes in regular and timely communication with shareholders as part of its organisational development to provide clear and fair disclosure of information about the Group's business developments and financial performance which would have a material impact on the share price or value of the Company. All shareholders are treated fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

*Provision 12.1:
Company provides
avenues for
communication
with shareholders*

CORPORATE GOVERNANCE REPORT (CONT'D)

The Company has a dedicated Investor Relations (IR) team which regularly communicates with shareholders, analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries. For details on the Group's IR activities, please refer to the IR section on pages 91 to 96 of this Annual Report.

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 2021, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

The Company holds post-results briefings with analysts after the announcement of the full year financial results. The key management team which includes the Group MD, an Executive Director and the Group Financial Controller avail themselves to meet analysts after the release of the Group's full year results. Outside of the financial results announcement periods, where necessary and appropriate, the Management would also meet analysts and fund managers who seek a better understanding of the Group's operations. In addition, the Management also conducts media interviews to give shareholders and the public deeper insights of the Group's business and management thinking when opportunities present themselves.

5. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Our Policy and Practices:

The Company regularly engage our stakeholders through various media and channels to ensure that our business interests are aligned with those of our stakeholders. Our stakeholders have been identified as those who are impacted by our business and operations and those who are similarly able to impact our business and operations. We have identified six stakeholder groups through an assessment of their significance to our operations. They are namely, customers, employees, suppliers, shareholders, community and government regulators.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus and how they are impacted by Covid-19, please refer to the Sustainability Report on pages 62 to 75 of this Annual Report.

Provisions 12.2 and 12.3: Company has in place an investor relations policy which allows for an ongoing exchange of views and sets out the mechanism through which shareholders may contact the company

Provision 13.1: Company has identified and engage with its material stakeholders

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

Provision 13.3: The Company maintains a corporate website

6. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The 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 one month before the announcement of the Company's half year or full year results, and ending on the date of the announcement of the results. Directors and all key executives are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

7. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of financial year ended 31 December 2021 or if not then subsisting, entered into since the end of the financial year ended 31 December 2020.

8. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has procedures established for the review and approval of the Group's interested person transactions.

The AC reviews any interested person transaction entered into by the Group. If the Group intends to enter into an interested person transaction, the Board will ensure that the Group complies with the requisite rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions.

There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above \$100,000 entered into by the Group during the financial year ended 31 December 2021.

9. UTILISATION OF PROCEEDS

Exercise of 61,139,184 warrants at \$0.20 for each share as at 4 January 2013 raising net proceeds of \$12.2 million

Use of proceeds	Amount allocated (\$'million)	Amount utilised (\$'million)	Balance amount (\$'million)
To be used as general working capital for the Company	12.2	10.7	1.5

The amount of \$10.7 million had been utilised to fund the investment in and the loan to CS Amber Development Pte Ltd, a former associated company of the Group.

The unutilised proceeds are deposited with a bank pending deployment. The above utilisation of net proceeds is consistent with the disclosure made in the SGXNET announcement.

AUDIT COMMITTEE REPORT

RESPONSIBILITIES OF THE AUDIT COMMITTEE (AC)

The AC oversees the Company's financial reporting process. The Company's Management has the primary responsibility for the financial statements, for maintaining effective internal controls over financial reporting, and for assessing the effectiveness of internal controls over financial reporting. The key terms of reference of the AC are set out on page 135 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 2021.

The AC has the appropriate relevant financial experience to discharge their responsibilities. Details of the members' qualifications and experience are available on page 32 of this Annual Report.

MEETINGS OF THE AUDIT COMMITTEE

The AC met two times during the financial year ended 31 December 2021 and once in February 2022 without the presence of the Management. During each of these meetings, the AC reviewed the half year and full year 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 2021 is set out on page 99 of this Annual Report.

SIGNIFICANT RISKS AND JUDGEMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2021, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following key audit matters identified by the external auditors were reviewed by the AC and discussed with the Management and the external auditors:

Key audit matters	How the AC reviewed these matters and what decisions were made
Recognition of construction revenue and costs and recoverability of contract assets	<p>The AC considered the approach and assessed the reasonableness of the Management's estimates of costs to complete the contract.</p> <p>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2021. For more details, please refer to pages 137 to 138 of this Annual Report.</p> <p>The AC was satisfied that the appropriate accounting treatment had been adopted and consistently applied in the financial statements to ensure that revenue was recorded appropriately. The AC concurred with the Management's opinion that any foreseeable losses had been fully provided for in the financial statements.</p>
Valuation of investment properties	<p>The AC considered the approach and assessed the reasonableness of the external valuers who have been engaged by the Management to determine the fair value of the Group's investment properties as at 31 December 2021.</p> <p>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2021. For more details, please refer to page 139 of this Annual Report.</p> <p>The AC was satisfied that the valuers' key assumptions are within a reasonable range and industry norms.</p>

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL CONTROLS

The Group has put in place a 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 2022.

Dr Chen Seow Phun, John
Chairman of the Audit Committee

21 March 2022

RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in the operations of all business enterprises, and therefore, managing risks is a vital aspect of business management. We proactively monitor and manage our exposure to risks relating to our industry. We are dedicated to consolidating our risk management framework to provide reasonable assurance that risks are mitigated. We do this by actively protecting the integrity of our financial reporting, integrating management control into our daily operations, and ensuring compliance with legal requirements.

Like many business enterprises, the Group faces various risks arising from economic, market, business, financial and political factors and developments. We believe in managing our risks holistically. As such, our management has instituted various risk management policies and procedures to manage and mitigate the risks arising from the normal course of daily operations. We review our risk management and mitigation plans on a regular basis to ensure that the company responds expeditiously and effectively to any change in market conditions and activities.

We have identified the following 26 key risks that we face and explain below how we address them:

No	Description of Risks	Our Risk Management
Strategic Risks		
1.	Dependence on the construction industry in Singapore	
	<p>We are exposed to cyclical fluctuations in the economy as the construction business depends mainly on the health of the infrastructure market in Singapore.</p> <p>This is, in turn, subject to the general health of the Singapore economy. An economic downturn could dampen general sentiments in the infrastructure market and decrease construction demand. This would invariably have an adverse impact on our business and financial performance.</p>	<p>The Singapore market has remained our primary source of revenue since our inception. The prevailing general economic, political, legal and social conditions would affect our financial performance and operations. As a major part of our revenue is derived from public sector projects, we would likely benefit from any pump priming by the Government.</p> <p>However, the reverse is also true and any move by the Government to scale back on expenditure relating to road construction and maintenance could have an adverse effect on our business. We seek to diversify our earnings to mitigate against our dependence on Government spending in Singapore.</p>
2.	Increased competition could adversely affect our competitive position	
	<p>Our business is project-based, and contracts are generally awarded through a tender process. Most of our projects are undertaken on a non-recurring basis. It is crucial that we are able to continuously secure new projects of similar or higher value and volume. The nature of our business is such that the number and value of projects that we succeed in securing fluctuate from year to year. There is no assurance that we will continue to win new projects that are profitable.</p> <p>Should we fail to do so, our financial performance will be negatively affected. As we also face rising competition in the tender process, we may be placed in a position where we need to lower our tender prices to secure projects, and this could affect our profit margins.</p> <p>A majority of our projects are secured through open tenders. There is an increase in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, thereby intensifying competition. If our competitors are more aggressive in pricing or respond quicker to changes in market conditions than us, we may lose tender bids or lower our profit margin to help us stay competitive. Thus, our financial performance and condition may be severely affected in the face of greater competition.</p>	<p>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 our solid expertise and wide experience in road construction and maintenance will place us in an excellent position to bid competitively for both government and private sector projects.</p> <p>We have a long operating history and a strong track record; and over the years, we have shown that we are able to deliver high quality, value-added services on time and within budget.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Strategic Risks		
3.	Dependence on the performance of the property sector	
	<p>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 assist them to bid at higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects.</p> <p>There is no assurance that the Group's business and operations in property development will be sustainable in the long term.</p> <p>We are also subject to various regulatory requirements and government policies in Singapore. To promote and maintain a stable property market, the Government monitors the property market and may introduce new policies, or amend or remove existing policies at any time. If the Government regulates the property market with stringent measures, our operations and financial performance may be adversely impacted. 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 affecting our profitability.</p>	<p>Civil engineering and construction remain our core business. Although we plan to develop the property development and investment business, it is not our key business.</p>
4.	Dependence on private sector clients and property developments for a portion of our revenue	
	<p>Over the decades, we have tapped on the private sector increasingly for projects to reduce our reliance on the public sector. We have also moved into property developments and investments.</p> <p>Risks involved in property developments include additional costs for the additional buyer's stamp duty, and financial penalties for not fulfilling qualifying certificate requirements whereby developers must complete construction within five years.</p>	<p>Our response to the dependence on private sector clients is to adopt a selective approach for potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.</p> <p>In the case of property developments, we need to be prudent in managing our costs and marketing efforts.</p>
5.	General risk associated with doing business outside Singapore	
	<p>We have in 2018 acquired our first overseas property, a freehold office complex in Perth, Australia. We are also exploring other opportunities to extend our reach overseas. There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and consequently, our business, results of operations and financial condition.</p>	<p>We are fully aware that there are risks inherent in business environments outside of Singapore. However, we have had operations outside of Singapore for many years and we attempt to mitigate such risks as much as practically possible. Our senior management also monitors the regulatory environment of overseas operations closely and with the support of our legal advisor, we review all our agreements closely to ensure OKP is well-protected against risks such as defaults by clients, partners or subcontractors.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Operational Risks		
6.	Reliance on key personnel to develop and grow our business	
	<p>Our continued success is dependent to a large extent on our ability to retain the services of our key staff and establish succession plans for young leaders to eventually take over the helm.</p> <p>The Group's management and leadership team is 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.</p> <p>Mr Or Kim Peow, who is the founder of OKP, has more than 62 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of our Group, including determining its strategies and ensuring effective succession planning for all key positions within our Group.</p> <p>Group Managing Director, Mr Or Toh Wat, who has more than 30 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 36 years' experience and Mr Oh Enc Nam has more than 42 years' experience in the construction industry. Mdm Ang Beng Tin has more than 47 years of experience in administration and human resources.</p> <p>Our Group's expansion and success now and in the future will be dependent on our ability to retain the services of our executive team members and key management staff. If we lose any of their services without timely and suitable replacements; or if we are unable to attract and retain new key employees with relevant qualifications and experience; our business, financial condition, operational results and prospects will be adversely impacted.</p> <p>Furthermore, we may lose our business to any of our competitors, who have attracted and recruited key members of our team, who join them after leaving our company. If we need to increase staff compensation to attract and retain our existing key staff or hire any additional employees, there would be an adverse impact on our financial performance.</p>	<p>We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 44 years old, has gained much experience and knowledge since joining us in 2003. He is currently responsible for business development and corporate communications.</p> <p>The management is preparing a list of potential successors and assessing them against a checklist of leadership attributes. Plans are being established to develop these candidates through training and development.</p> <p>In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Operational Risks		
7.	Dependence on foreign workers and exposure to labour shortages or changes in labour policies	
	<p>The construction industry is highly labour-intensive and relies on a large number of skilled foreign workers. Supply and demand for such foreign labour are dependent greatly on government policies and the general economic health of the host countries.</p> <p>In Singapore, the supply of foreign workers is subject to the policies of the Ministry of Manpower, as well as the policies of the countries in which these workers are domiciled. Changes in labour policies in these countries of origin may affect the supply of foreign labour and increase hiring costs, causing unnecessary disruptions to our operations, and resulting in unwanted delays in the completion of projects. Increases in foreign workers' levies would also affect us and may increase our costs.</p>	<p>Although we do face constraints in recruiting foreign labour currently, we make every effort to retain those who are currently with us, for example, by developing their skills through periodic training and upgrading. Through this approach, we can also enhance our productivity</p>
8.	Dependence on professional and skilled staff	
	<p>The construction industry is dependent on skilled and experienced engineers and project staff to ensure the effective running of projects onsite. If we fail to retain or face difficulties in hiring people with these competencies, our revenue and profitability may be severely affected. This problem may be more crucial during times when the labour market is tight.</p>	<p>We continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled staff and attract new recruits.</p>
9.	Excessive warranty claims	
	<p>It is a general practice in the construction industry to provide limited warranty for construction projects, which covers defects and any premature wear-and-tear of the materials used. Rectification and repair works covered under such warranties would not be chargeable to customers. If there are disproportionate warranty claims for rectification and repair works, our financial performance would be adversely affected.</p>	<p>With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past five financial years</p>
10.	Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays	
	<p>From time to time, due to unforeseen circumstances and events beyond our control, delays in the completion of a project may occur. The causes for delays include unfavourable weather situation, shortage of construction materials, labour disputes, breakdown of equipment and machinery, and insufficient deployment of resources. In addition, government directives for the temporary stoppage of work may also cause project delays.</p> <p>If the completion of our projects is delayed, particularly where the delay is due to our failure, we may be liable to pay liquidated damages under the contract, and face further claims from our customers for damages, thus incurring additional costs. If this happens, there will be an adverse impact on our business operations, financial condition and financial performance. There can be no assurance that there will not be any delays in our existing and future projects, thus resulting in the payment of liquidated damages that may materially affect our financial performance and financial condition.</p>	<p>We have set up a capable team of project managers to monitor the projects closely to ensure the smooth progress of the projects and ensure that they are completed on time and within budget.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Operational Risks		
11.	Subcontracting risks	
	<p>We rely on subcontractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These subcontractors are selected based on their competitiveness in terms of pricing, our working experience with them and their past performance. We cannot assume that the services rendered by these subcontractors will continue to be satisfactory or that they will always meet our requirements for quality.</p> <p>In the event of any loss or damage arising from the default of our subcontractors, we as the main contractor will be liable for our subcontractors' default. Furthermore, these subcontractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and operating results.</p>	<p>We identify good and reliable subcontractors and minimise risks through checks and referrals. We also make it a point to use reliable subcontractors, especially those with whom we have worked effectively in earlier projects.</p>
12.	Liability for any design defects or failure in the civil engineering works	
	<p>Generally, we will engage the services of external consultants such as architects and engineers for design-and-build projects. If there are any design defects in the architectural or engineering design of our civil engineering projects due to these external consultants' negligence and through no fault on the Group's part, even though we had exercised reasonable degree of skill and care as the main contractor, we may still be liable to the customer under the contract for such failures.</p> <p>As at 31 December 2021, 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 judgement or an arbitration award against us for claims on the grounds of design defects, such claims may adversely impact our financial performance and financial condition.</p>	<p>We make it a priority to work with reputable and reliable architects and engineers, especially those whom we have worked with for a long time or have been referred to us.</p>
13.	Accidents at our construction sites	
	<p>Even though we emphasise and have put in place safety measures, accidents may still occur at our projects' construction sites due to the nature of our business. Such mishaps may severely disrupt our operations at the construction sites, and thus lead to a delay in the completion of a project, resulting in liquidated damages under the contract with our customers.</p> <p>Such accidents may also subject us to claims from workers or other persons involved in such mishaps for injuries suffered by them. If there are any significant claims which are not covered by our insurance policies, our business operations and financial performance will be adversely affected.</p>	<p>We have a team of experienced safety personnel onsite, who monitors closely the construction sites to ensure that workers comply with all safety standards.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Operational Risks		
14.	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.
15.	Successful bidding	
	<p>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 win such new projects on favourable terms and conditions, our financial performance will be adversely affected. In addition, the scope of work in a project will affect our profit margin and our financial performance. If we are to subcontract a material portion of the project work to a third-party subcontractor, our profit margin from such project may be reduced.</p> <p>Cancellations or delays in commencing secured projects due to changes in our customers' businesses, poor market conditions and lack of funds by the project owners may adversely affect us. There may also be a lapse of time between a project's completion and the commencement of a subsequent project. Such disruptions could lead to idle or excess capacity. If we are unable to secure replacement projects on a timely basis, the idle or excess capacity may adversely affect our business and financial conditions.</p>	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.
16.	Risk associated with joint ventures	
	<p>We are subject to risks associated with joint ventures.</p> <p>We expect that we may, as a matter of business strategy, from time to time, undertake construction projects through forming joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements (if any). There is no assurance that we will not, in the future, encounter such business risks which, if financially material, will have a negative effect on our business operations, financial performance and financial condition.</p>	We have our legal advisor to review all our agreements and ensure that we are well-protected against risks such as defaults by joint venture partners.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Operational Risks		
17.	Cyber security and personal data protection risks	
	<p>The Group is vulnerable to a wide range of risks, which are linked to its IT system, including interruptions to its network and loss of confidential data.</p> <p>With rising global incidences of cyber-attacks on many companies' servers and websites, it is mandatory to reinforce and strengthen the security of OKP's IT systems and prevent any hacking, violation or loss of confidential business data or personal data of employees.</p> <p>Our operations may be interrupted by cyber-attacks and any cyber theft of confidential and sensitive data could lead to litigation, financial losses, and reputation damage.</p>	<p>We have assessed our cybersecurity vulnerabilities and data protection impact to minimise risks.</p> <p>We also ensure that we have adequate security measures in place and have fortified the required IT controls and governance practices internally. These procedures include reinforcement of network security such as applying security patches to the system and encrypting workstations, and safeguards against loss of information. Measures are put in place to enable our business operations to quickly recover from any IT crisis or loss of data.</p> <p>We also provide regular training to heighten awareness of IT threats and data loss to our employees. We have emphasised to our staff to minimise the personal data being collected and not keep data longer than required.</p>
Financial Risks		
18.	Price fluctuations and availability of construction materials	
	<p>We are exposed to fluctuations in the prices of construction materials, which include granite, cement, ready-mix concrete, asphalt and reinforced steel bars. Fluctuations in the prices of these construction materials are a function of demand and supply, in Singapore and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements.</p> <p>Should there be a significant increase in the prices of construction materials or should we fail to secure the requisite supply of construction materials at reasonable price levels, our Group's business and profitability will be affected.</p>	<p>We are continually mindful of this risk and are constantly looking for the most competitive pricing from our suppliers for the raw materials we require. Where possible, we would lock in the prices of the raw materials for each project. Otherwise, we would include a fluctuation clause in the contract, granting us the right to adjust raw material prices should a price increase occur during the project. These measures help to limit our exposure in the event of price fluctuations.</p>
19.	Liability claims and disputes	
	<p>We are exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should we fail to complete any project, which we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, compensation may have to be paid to our customers.</p> <p>It is a general practice that we provide customers with retention sums or performance bonds of up to 5 per cent of the contract value. If projects are delayed, or if any claims for defects are made, whether or not they are due to our fault or that of our suppliers or subcontractors, these retention sums or performance bonds could be forfeited.</p>	<p>With this in mind, we make every effort to ensure that all projects are competently managed to the highest standards. One of our approaches is to provide employees with regular and relevant training.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Financial Risks		
20.	Exposure to cost overruns	
	<p>Controlling costs is a major aspect of our business as cost overruns could erode our profit margin for a project. Should this occur, our overall profitability could be affected. The following scenarios are some examples of how a cost overrun could occur:</p> <p>(i) When incorrect estimations of costs are made during the tender stage;</p> <p>(ii) When unforeseen circumstances such as adverse ground conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite, arise during the construction period; and/or</p> <p>(iii) When delays are experienced in the execution of projects.</p>	<p>Cost control measures are carried out at various stages of project execution to ensure that the projects are kept well within budget. Careful monitoring and quality assurance checks are also performed attentively to ensure that project management risks are alleviated as far as possible. We believe that our people have the right project management expertise to manage the costs related to each project effectively.</p>
21.	Financial risks	
	<p>Our Group's activities expose us to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to currency risk, we are exposed to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, OKP is subject to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counter party may default on its contractual obligations, resulting in financial loss to the Group.</p> <p>Regarding liquidity risk, the Group is exposed to the risk of not having sufficient cash or cash equivalents, or not having sufficient amount of committed credit facilities.</p>	<p>More details on how we manage these risks are found on pages 203 to 212 of the Annual Report (under the Notes to the Financial Statements). To mitigate liquidity risk, we maintain sufficient cash and cash equivalents and ensure that we have an adequate amount of committed credit facilities to enable us to meet our normal operating commitments.</p>
22.	Insurance coverage may not be adequate	
	<p>Due to fire, theft and natural disasters such as floods, we may face the risk of loss or damage to our properties, machinery and building materials. Such events may also cause a cessation in our operations at the construction sites.</p> <p>We have put in place various insurance policies including workmen compensation insurance, insurance relating to group hospitalisation and surgical insurance, insurance relating to all risks affecting machinery and equipment, fire insurance, motor vehicle insurance, and contractor's all-risks insurance. If such loss or damage exceeds the insurance coverage or is not covered by the insurance policies which we have taken up, we may still be liable to cover the shortfall in the amounts being claimed. Such a situation may adversely impact our financial performance.</p>	<p>We review our insurance policies and coverage on a regular basis to ensure that all reasonably foreseeable losses or damages are covered.</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Financial Risks		
23.	Performance bond guarantee	
	<p>Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities.</p> <p>In line with industry practice, certain projects in which we act as the main contractor require a performance bond from a bank to guarantee our contractual performance in the project. Generally, the performance bond covers up to approximately 5.0 per cent of the project's contract value.</p> <p>If we default in our contractual obligations, the project owner would be entitled to call on the performance bond and our liquidity and financial position may be adversely affected as a result.</p> <p>For the review period, we have not encountered any problems securing performance bonds for our projects. We have also provided corporate guarantees to secure performance bonds from banks for our ongoing projects. There is no assurance that we can continue to secure performance bonds for our new projects in the future or secure them at favourable terms. If we are unable to secure performance guarantees from our banks, we may be unable to secure new projects, and this would have a material adverse effect on our revenue and profitability.</p>	<p>We aim to build good rapport with and win support from our banks so that they will provide sufficient bankers' guarantees to support newly awarded projects.</p>
Compliance Risks		
24.	Impact from changes to applicable government policies	
	<p>Our services relate mainly to building safety and design standards in connection with the construction of infrastructure projects such as roads and expressways. Any change to the laws, regulations and policies affecting the construction industry, including the infrastructure market in Singapore, may affect our business and operations.</p> <p>As we operate in Singapore, we are subject to the laws and regulations of the land including environmental regulations. Any change in government regulations during a project, for example, increasing controls over worksite safety and building standards could result in the Group incurring additional costs to comply with the new regulations.</p> <p>In addition, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the operations of OKP.</p> <p>The Group's operations are subject to various environmental laws in Singapore, which relate primarily to the storage, discharge, handling, emission, general use and disposal of solid and hazardous waste and other toxic materials used during construction.</p> <p>In the case of violation of environmental regulatory requirements, OKP may incur fines, and face stop-work orders at our affected worksites. These actions may adversely impact the Group's business. All these actions could have an adverse effect on our project costs, financial performance and business.</p>	<p>To mitigate these risks, we would send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities or clients.</p> <p>We will maintain and comply with the various permits, authorisations and approvals required by various government agencies to ensure we run our operations efficiently</p>

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
Compliance Risks		
25.	Guidelines and regulations by the Building and Construction Authority (BCA)	
	<p>We are guided and regulated by the BCA that also functions as an administrative body for tenders relating to public sector construction projects. The BCA grading is laid out in the BCA Contractors Registry System (CRS). There are seven major registration heads, namely, Construction Workheads (CW), Construction Related (CR) Workheads, Mechanical & Electrical (ME) Workheads, Maintenance Workheads (MW), Trade Heads (TR), Supply Workheads (SY), and Regulatory Workheads (RW).</p> <p>Within each workhead, there are different financial grades which determine a contractor's eligibility to tender for projects of stipulated values. This is based on the BCA's assessment of the financial health of companies through its credit rating system. The different grades serve as a supplementary indicator of the financial standing of construction firms with those of larger firms accorded the top categories of A1, A2 and B1.</p> <p>Both our wholly-owned subsidiaries, Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd, are A1 grade civil engineering contractors, making them eligible for tenders of unlimited values.</p> <p>If we are unable to maintain our BCA grading status, OKP would not be able to tender for public projects of the stipulated contract values on the CRS. This could have an adverse impact on our financial performance.</p>	<p>We have been able to maintain our BCA grading since achieving the A1 grades. We continually review our financials and take the necessary measures to strengthen our financial management where necessary.</p>
26.	Safety and environmental hazards	
	<p>Safety is paramount for all our projects, and this is especially critical in worksites due to the nature of the operating environment. Our safety and environmental controls and guidelines adhere strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety and environmental policies are based mainly on identifying and applying safe and environmental-friendly practices at all worksites, for our own as well as subcontractors' employees. We conduct regular health, safety and environmental awareness workshops to inculcate a safety and green culture for people at all levels, including new recruits, particularly in the first six months of employment.</p> <p>Workers are also at risk with disease outbreaks such as Covid-19 and its variants. If some workers are infected, and must be quarantined for 14 days, worksite operations will be affected.</p> <p>We may be liable for fines, penalties and civil claims if we breach workplace safety, environmental standards, regulatory requirements or common law duty, and as a result, our operations and financial performance may be adversely affected.</p>	<p>We have a pool of committed safety and environmental control officers, site engineers and site supervisors, who have the responsibility to ensure that all workers and worksites are well equipped with suitable safety management and green procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety employees are prepared at all times and if industrial accidents happen.</p> <p>Measures put in place for disease outbreaks include adhering to safe management measures, ensuring all workers undergo vaccination and are rostered for routine testing every 14 days, and implementing effective contact tracing at every project site. Temperature checks, quarantine, and a sickness surveillance process to identify and manage unwell employees are also instituted.</p> <p>We are committed to maintaining our high-quality standards, increasing productivity, and improving workplace safety at all times.</p>

FINANCIAL STATEMENTS

133	Directors' Statement
137	Independent Auditor's Report
142	Balance Sheets
143	Consolidated Statement of Comprehensive Income
144	Consolidated Statement of Changes in Equity
145	Consolidated Statement of Cash Flows
147	Notes to the Financial Statements
220	Letter to Shareholders
232	Statistics of Shareholdings
234	Notice of Annual General Meeting Proxy Form

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

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 142 to 219 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 2021 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 other than as disclosed under "share award/options" in this statement.

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	As at	As at	As at	As at	As at
	31.12.2021	1.1.2021	21.1.2022	31.12.2021	1.1.2021	21.1.2022
The Company						
<u>No. of ordinary shares</u>						
Or Kim Peow	757,000	757,000	757,000	168,566,910	168,566,910	168,566,910
Or Toh Wat	322,000	322,000	322,000	–	–	–
Ang Beng Tin	323,500	323,500	323,500	–	–	–
Or Kiam Meng	322,000	322,000	322,000	–	–	–
Oh Enc Nam	133,000	133,000	133,000	–	–	–
Or Lay Huat Daniel	322,000	322,000	322,000	–	–	–
Chen Seow Phun, John	–	–	–	38,000	38,000	38,000

DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	As at	As at	As at	As at	As at
	31.12.2021	1.1.2021	21.1.2022	31.12.2021	1.1.2021	21.1.2022
Immediate and Ultimate Holding Corporation						
- Or Kim Peow Investments Pte. Ltd.						
<u>No. of ordinary shares</u>						
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	-	-	-

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Or Kim Peow is deemed to have interests in the whole of the shares of all the Company's subsidiary corporations.

SHARE AWARD/OPTIONS

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the award of fully paid shares ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of shares which may be delivered pursuant to Awards granted, when added to the number of shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling shareholders and their associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of shares that are available to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSS and the number of shares that are available to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no Awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company under option.

DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

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

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee has written terms of reference that are approved by the Board of Directors ("the Board") and clearly set out its responsibilities. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 and the Code of Corporate Governance (the "Code"). The key terms of reference of the Audit Committee are as follows:

- To review audit plans of the Company's independent auditor and internal auditor, including the results of the independent auditor's and internal auditor's review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the independent auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the independent auditor;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the independent audit, and where the independent auditor provides non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the independent auditor;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To oversee and monitor whistleblowing;
- To review the assurance from the Group Managing Director and the Group Financial Controller on the financial records and financial statements;
- To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

The Audit Committee met with the independent auditor two times during the financial year ended 31 December 2021 and once without the presence of the Management together with the internal auditor in February 2022. 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 SGX-ST Listing Manual, reviewed the requirements for approval and disclosure of interested party transactions, reviewed the internal procedures set up by the Company to identify and report and, where necessary, seek approval for interested person transactions and reviewed interested person transactions.

DIRECTORS' STATEMENT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

AUDIT COMMITTEE (CONT'D)

The Audit Committee has undertaken a review of all non-audit services provided to the Company by the independent auditor and they would not, in the Audit Committee's opinion, affect the independence of the auditor.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation be nominated for re-appointment as the Company's independent auditor at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Or Kim Peow
Director

Or Toh Wat
Director

21 March 2022

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 2021, 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 142 to 219.

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 Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Recognition of construction revenue and costs and recoverability of contract assets

[Refer to Notes 2.18(i), 3(iv) and 6]

For the financial year ended 31 December 2021, revenue recognised from construction and maintenance segments in accordance with SFRS (I) 15 - Revenue from Contracts with Customers, amounted to approximately \$56,559,912 and \$26,405,121 respectively. At contract inception, the Group assesses whether the contract relate to construction and maintenance work under the control of the customer and therefore the Group's construction and maintenance activities create or enhance an asset under the customer's control. For these contracts, revenue is recognised progressively over time with reference to the Group's progress towards completing the construction and maintenance contracts. The measurement of the progress is determined based on the percentage of the survey of work certified by the customers. In addition, contract revenues also include certain claims on contract modifications.

INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF OKP HOLDINGS LIMITED**Key Audit Matters (cont'd)****(1) Recognition of construction revenue and costs and recoverability of contract assets (cont'd)**

[Refer to Notes 2.18(i), 3(iv) and 6]

In the event when the Group has an onerous contract, under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received, provision for onerous contract would be recognised as an expense immediately. This provision for onerous contract can include, amongst other things, cost overruns which require further negotiation and settlements resulting in the adjustments of costs.

As at 31 December 2021, the contract assets of the Group relating to the construction and maintenance segments amounted to approximately \$15,583,990 which accounted for 8% of the Group's total assets.

We focused on this matter as significant management assumptions, judgements and estimates are required in:

- Determining the percentage of the survey of work performed;
- Determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs;
- Determining the likelihood of the approvals of the contract modifications by the customers and the final approved amounts; and
- Determining of the expected credit losses requires significant judgement and estimates to assess whether the contract assets are credit-impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Reviewed and discussed with management on the Group's revenue recognition policies, including those related to accounting for variable considerations and contract modifications;
- Reviewed new contracts obtained during the financial year and agreed on the amounts to customer contracts and contract modifications;
- Understood, evaluated and tested key controls over recognition of revenue and contract costs;
- In relation to contract costs, we:
 - Ensured that the contract costs are expensed when incurred except for costs that qualify as assets under other accounting standards, incremental costs to obtain the contracts and costs to fulfil a contract;
 - Verified the material costs incurred to relevant suppliers' invoices and progress claims and reviewed the accrued cost; and
 - Ensured appropriateness of capitalised contract costs and its subsequent measurement.
- Analysed the actual progress of the contract vis-à-vis the contractually agreed timeline set out in the customer contracts to identify any major delays and/or cost overruns which might result in onerous loss-making contracts;
- Reviewed and discussed with management on its assessment and provisioning policy on expected credit losses of contract assets; and
- Considered the appropriateness of the estimates and judgements used by management in the assessment of expected credit losses of contract assets.

INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF OKP HOLDINGS LIMITED

Key Audit Matters (cont'd)

(2) Valuation of investment properties
[Refer to Notes 2.6 and 11]

As at 31 December 2021, the carrying value of the Group's investment properties amounted to approximately \$78,486,763 which accounted for 39% of the Group's total assets.

For the investment property in Australia, the external independent professional valuers ("valuers") used the capitalisation method whilst for the investment properties in Singapore, the valuers used the direct comparison method to determine the fair values of the investment properties.

The investment properties which are located in Australia and Singapore, are measured at fair values.

We focused on this matter as the determination of the fair values of the investment properties are highly dependent on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates, terminal capitalisation rates and market prices of comparable properties adjusted for differences in key attributes such as property size) used by the valuers. These assumptions and estimates were based on local market conditions existing as at the balance sheet date.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Assessed the Group's processes for the selection of valuers, the determination of the scope of work, and the review and acceptance of the valuations reported by the valuers;
- Evaluated the qualifications and competence of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- Obtained and reviewed the valuation reports from the valuers, together with our internal valuation specialists, to evaluate the appropriateness of valuation methodologies and significant underlying assumptions used in the valuations, tested the integrity of information including underlying lease and financial information provided to the valuers and compared the discount rates and terminal capitalisation rates used against those used for similar properties; and
- Considered the adequacy of the disclosures in the financial statements.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF OKP HOLDINGS LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONT'D) TO THE MEMBERS OF OKP HOLDINGS LIMITED

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

21 March 2022

BALANCE SHEETS

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	4	51,030,783	79,097,258	3,512,545	4,078,114
Trade and other receivables	5	8,022,723	9,729,135	19,549,658	18,112,331
Contract assets	6(b)	15,583,990	14,238,867	–	–
Inventories	7	1,687,339	–	–	–
		<u>76,324,835</u>	<u>103,065,260</u>	<u>23,062,203</u>	<u>22,190,445</u>
Non-current assets					
Investments in subsidiary corporations	8	–	–	19,218,773	19,218,773
Investments in joint ventures	9	32,020	35,690	–	–
Investments in associated companies	10	915,536	410,670	–	–
Investment properties	11	78,486,763	52,107,236	–	–
Other receivables	12	11,775,080	8,925,414	–	–
Property, plant and equipment	13	33,581,226	30,783,933	13,079,711	13,184,193
Intangible assets	15	1,724,539	1,751,026	11,599	16,238
Deferred income tax assets	19	293,675	–	–	–
		<u>126,808,839</u>	<u>94,013,969</u>	<u>32,310,083</u>	<u>32,419,204</u>
Total assets		<u>203,133,674</u>	<u>197,079,229</u>	<u>55,372,286</u>	<u>54,609,649</u>
LIABILITIES					
Current liabilities					
Trade and other payables	16	20,729,433	20,180,048	2,941,210	3,111,926
Contract liabilities	6(b)	–	8,933,714	–	–
Borrowings	17	16,020,696	7,271,839	4,050,000	4,500,000
Provisions	18	–	1,400,000	–	–
Current income tax liabilities	29(b)	570,691	763,530	60,168	60,168
		<u>37,320,820</u>	<u>38,549,131</u>	<u>7,051,378</u>	<u>7,672,094</u>
Non-current liabilities					
Trade and other payables	16	15,274,751	9,913,777	–	–
Borrowings	17	24,402,905	24,328,597	–	–
Deferred income tax liabilities	19	863,372	1,104,355	9,556	10,095
		<u>40,541,028</u>	<u>35,346,729</u>	<u>9,556</u>	<u>10,095</u>
Total liabilities		<u>77,861,848</u>	<u>73,895,860</u>	<u>7,060,934</u>	<u>7,682,189</u>
NET ASSETS		<u>125,271,826</u>	<u>123,183,369</u>	<u>48,311,352</u>	<u>46,927,460</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	36,832,301	36,832,301	36,832,301	36,832,301
Treasury shares	20	(234,974)	(234,974)	(234,974)	(234,974)
Other reserves	21	3,441,942	3,243,331	–	–
Retained profits	22	81,669,216	82,303,100	11,714,025	10,330,133
		<u>121,708,485</u>	<u>122,143,758</u>	<u>48,311,352</u>	<u>46,927,460</u>
Non-controlling interests	8	3,563,341	1,039,611	–	–
Total equity		<u>125,271,826</u>	<u>123,183,369</u>	<u>48,311,352</u>	<u>46,927,460</u>

**CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	2020
		\$	\$
Revenue	23	90,034,783	69,626,956
Cost of sales	24	(83,241,349)	(62,250,854)
Gross profit		6,793,434	7,376,102
Other gains, net			
– Interest income – bank deposits		135,660	544,307
– Reversal of impairment loss on financial assets	37	–	1,227,510
– Others	25	7,603,962	8,931,534
Expenses			
– Administrative		(9,297,656)	(12,117,320)
– Finance	28	(1,138,130)	(1,162,659)
Share of profit/(loss) of associated companies and joint ventures	9,10	350,862	(366,691)
Profit before income tax		4,448,132	4,432,783
Income tax expense	29(a)	(213,389)	(477,501)
Net profit		4,234,743	3,955,282
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
– Currency translation differences arising from consolidation	21(b)(ii)	(400,299)	404,189
Total comprehensive income		3,834,444	4,359,471
Profit attributable to:			
Equity holders of the company		1,514,867	3,292,980
Non-controlling interests		2,719,876	662,302
		4,234,743	3,955,282
Total comprehensive income attributable to:			
Equity holders of the company		1,310,714	3,499,116
Non-controlling interests		2,523,730	860,355
		3,834,444	4,359,471
Earnings per share attributable to equity holders of the Company (cents per share)			
– Basic	30	0.49	1.07
– Diluted	30	0.49	1.07

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	← Attributable to equity holders of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Other reserves	Retained profits				
	\$	\$	\$	\$	\$	\$	\$	
2021								
Beginning of financial year	36,832,301	(234,974)	3,243,331	82,303,100	122,143,758	1,039,611	123,183,369	
Profit for the financial year	-	-	-	1,514,867	1,514,867	2,719,876	4,234,743	
Other comprehensive income for the financial year	-	-	(204,153)	-	(204,153)	(196,146)	(400,299)	
Total comprehensive income for the financial year	-	-	(204,153)	1,514,867	1,310,714	2,523,730	3,834,444	
Fair value adjustment on interest-free loan	21(b)(iii)	-	402,764	-	402,764	-	402,764	
Dividends	31	-	-	(2,148,751)	(2,148,751)	-	(2,148,751)	
End of financial year	36,832,301	(234,974)	3,441,942	81,669,216	121,708,485	3,563,341	125,271,826	

Note	← Attributable to equity holders of the Company →					Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Other reserves	Retained profits				
	\$	\$	\$	\$	\$	\$	\$	
2020								
Beginning of financial year	36,832,301	-	2,987,070	81,163,498	120,982,869	179,256	121,162,125	
Profit for the financial year	-	-	-	3,292,980	3,292,980	662,302	3,955,282	
Other comprehensive income for the financial year	-	-	206,136	-	206,136	198,053	404,189	
Total comprehensive income for the financial year	-	-	206,136	3,292,980	3,499,116	860,355	4,359,471	
Purchase of treasury shares	20	(234,974)	-	-	(234,974)	-	(234,974)	
Fair value adjustment on interest-free loan	21(b)(iii)	-	50,125	-	50,125	-	50,125	
Dividends	31	-	-	(2,153,378)	(2,153,378)	-	(2,153,378)	
End of financial year	36,832,301	(234,974)	3,243,331	82,303,100	122,143,758	1,039,611	123,183,369	

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net profit		4,234,743	3,955,282
Adjustments for:			
– Income tax expense	29(a)	213,389	477,501
– Depreciation of property, plant and equipment	26	4,277,513	4,179,281
– Amortisation of intangible assets	26	26,487	30,237
– Net fair value (gain)/loss on investment properties	25	(4,371,481)	677,432
– Net gain on disposal of property, plant and equipment	25	(89,552)	(31,382)
– Property, plant and equipment written off	25	15,054	667
– Reversal of impairment loss on financial assets	37	–	(1,227,510)
– Currency exchange losses/(gains)		974,619	(418,253)
– Share of (profit)/loss of associated companies and joint ventures	9,10	(350,862)	366,691
– Interest income – bank deposits		(135,660)	(544,307)
– Interest expense	28	1,138,130	1,162,659
Operating cash flow before working capital changes		<u>5,932,380</u>	<u>8,628,298</u>
Changes in working capital:			
– Inventories		(1,687,339)	–
– Trade and other receivables		1,706,412	(2,592,595)
– Contract assets		(1,345,123)	1,427,522
– Contract liabilities		(8,933,714)	8,933,714
– Trade and other payables		549,385	898,014
– Provisions		(1,400,000)	1,400,000
Cash (used in)/generated from operations		<u>(5,177,999)</u>	<u>18,694,953</u>
– Interest received		135,660	544,307
– Income tax paid	29(b)	(949,535)	(545,328)
Net cash (used in)/provided by operating activities		<u>(5,991,874)</u>	<u>18,693,932</u>
Cash flows from investing activities			
– Additions to property, plant and equipment		(3,421,092)	(9,767,762)
– Additions to investment properties		(24,403,015)	–
– Capital reduction in joint ventures		–	115,080
– Proceeds from disposal of an associated company		–	11,000,000
– Proceeds from disposal of property, plant and equipment		197,318	132,925
– Advances to associated companies		(3,000,000)	(2,232,500)
– Dividends received from joint ventures	9	–	450,000
Net cash used in investing activities		<u>(30,626,789)</u>	<u>(302,257)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Cash flows from financing activities			
– Principal payment of lease liabilities		(2,469,165)	(3,027,506)
– Advance from a non-controlling interest		5,684,000	717,164
– Purchase of treasury shares		–	(234,974)
– Proceeds from borrowings		11,700,000	4,500,000
– Repayment of borrowings		(3,430,714)	(3,134,236)
– Interest paid		(695,977)	(837,033)
– Dividends paid to equity holders of the Company	31	(2,148,751)	(2,153,378)
– Bank deposits pledged		(56,615)	(52,704)
Net cash provided/(used in) by financing activities		<u>8,582,778</u>	<u>(4,222,667)</u>
Net (decrease)/increase in cash and cash equivalents		(28,035,885)	14,169,008
Cash and cash equivalents			
Beginning of financial year		73,958,364	59,551,481
Effects of currency translation on cash and cash equivalents		(87,205)	237,875
End of financial year	4	<u>45,835,274</u>	<u>73,958,364</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 were authorised for issue in accordance with a resolution of the Board of Directors of OKP Holdings Limited on 21 March 2022.

1 GENERAL INFORMATION

OKP Holdings Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 30 Tagore Lane, Singapore 787484.

The principal activities of the Company are those relating to investment holding and the provision of management services to its subsidiary corporations. The principal activities of the subsidiary corporations are set out in Note 8 to the financial statements.

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

Coronavirus (COVID-19) Impact

The Coronavirus ("COVID-19") continued to have a significant impact on local and world economies. Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2021.

- i. The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii. In 2021, increasingly competitive and challenging business landscape due to the labour shortage, supply chain disruption and increasing business costs have impacted in the progress of construction contracts.
- iii. The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the impairment of goodwill, impairment of property, plant and equipment and contract assets are disclosed in Note 3(i), (iii) and (iv) respectively.

The Group will continue to keep a vigilant watch on the challenges that may arise from the ongoing COVID-19 pandemic and uncertainties in the wider macro environment.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 *Interpretations and amendments to published standards effective in 2021*

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.3 *Group accounting*

(i) *Subsidiary corporations*

(a) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (cont'd)

(i) Subsidiary corporations (cont'd)

(b) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the (i) consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(c) Disposals

When a change in the Group's ownership interest in a subsidiary corporation result in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (cont'd)

(ii) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(iii) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(a) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

(b) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in associated companies and joint ventures include any long-term loans for which settlement is never planned nor likely to occur in the foreseeable losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (cont'd)

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

(b) Equity method of accounting (cont'd)

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.

2.4 Property, plant and equipment

(i) Measurement

(a) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 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:

	<u>Useful lives</u>
Building	50 years
Leasehold property	15 years
Plant and machinery	10 years
Motor vehicles	5 - 10 years
Office equipment	5 - 10 years
Furniture and fittings	5 - 10 years
Renovation	5 years
Signboard	10 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.

2.5 Intangible assets**(i) Goodwill**

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *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.

2.6 *Investment properties*

Investment properties include freehold and leasehold properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 *Investments in subsidiary corporations, joint ventures and associated companies*

Investments in subsidiary corporations, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.8 Impairment of non-financial assets****(i) Goodwill**

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Intangible assets**Property, plant and equipment****Right-of-use assets****Investments in subsidiary corporations, joint ventures and associated companies**

Intangible assets, property, plant and equipment, right-of-use assets 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.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets

(i) Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(a) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Other gains/(losses)".

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (cont'd)

(i) Classification and measurement (cont'd)

At subsequent measurement (cont'd)

(a) Debt instruments (cont'd)

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses)".

(b) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses)". Dividends from equity investments are recognised in profit or loss as "Dividend income".

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Offsetting of financial instruments*

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

2.11 *Financial guarantees*

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (i) Amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (ii) The amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.12 *Borrowings*

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 *Borrowing costs*

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction. This includes those costs on borrowings acquired specifically for the construction, as well as those in relation to general borrowings used to finance the construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction that are financed by general borrowings.

2.14 *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

(i) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (cont'd)

(i) **When the Group is the lessee (cont'd)**

(b) **Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(c) **Short term and low value leases**

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Leases (cont'd)

(i) **When the Group is the lessee (cont'd)**

(d) **Variable lease payments**

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 14.

(ii) **When the Group is the lessor**

The Group leases investment properties under operating leases to non-related parties.

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost comprises raw materials and net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.18 Revenue recognition

(i) **Revenue from construction and maintenance contracts**

The road and building construction and maintenance for customers are through fixed-price contracts. Revenue is recognised when the control has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the asset construction over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The construction asset has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the asset. The measure of progress is determined based on surveys of work performed. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are expensed as incurred.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment term is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue recognition (cont'd)

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

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(ii) **Interest income**

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(iii) **Rental income**

Rental income from investment properties (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(iv) **Dividend income**

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(v) **Sale of materials**

Revenue from sale of materials is recognised at the point in time when control of the asset is transferred to the customers, typically on delivery.

(vi) **Administrative income**

Revenue from administrative income is recognised over time when services have been performed and rendered.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 *Income taxes*

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as "Finance expense".

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(iii) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.22 Currency translation (cont'd)****(ii) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (b) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 *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.

2.25 *Cash and cash equivalents*

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.26 *Share capital and treasury shares*

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 *Dividends to Company's shareholders*

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

2.28 *Government grants*

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, CGU have been determined based on value-in-use calculations. Significant judgements are used to estimate the gross margin, growth rates and the pre-tax discount rates applied in computing the recoverable amounts of each of the CGUs. In making these estimates, management has relied on past performance, its expectations of economic outlook and industry outlook in Singapore. Specific estimates are disclosed in Note 15(a) to the financial statements.

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 2021 were \$33,581,226 (2020: \$30,783,933) as disclosed in Note 13 to the financial statements. 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 \$487,281 (2020: \$417,888).

(iii) Impairment of property, plant and equipment

For the financial year ended 31 December 2021, the carrying amounts of property, plant and equipment were \$33,581,226 (2020: \$30,783,933) as disclosed in Note 13 to the financial statements. Property, plant and equipment mainly consist of land and building, plant and machinery, motor vehicles and right-of-use assets. Management has assessed that there were no objective evidence or indication that the carrying amounts of the Group's property, plant and equipment may not be recoverable as at the balance sheet date except for a non-performing subsidiary corporation.

The recoverable amount of plant and machinery for the non-performing subsidiary corporation in Singapore amounted to \$6,294,075 has been determined based on the value-in-use ("VIU") method. The cash flow projection used in the VIU calculation was based on financial budgets approved by management. Based on the cash flow projection, the recoverable amount of plant and machinery for the non-performing subsidiary corporation is higher than its carrying amount amounted to \$5,126,673. Accordingly, no impairment charge is recognised for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(iv) Construction contracts

The Group recognises revenue from construction contracts over time by reference to the Group's progress towards completion to the construction. The measurement of progress is determined based on surveys of work performed ("output method"). The recognition of construction revenue and costs requires significant management assumptions, judgements and estimates in determining the percentage of the survey of work performed and determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs. In addition, significant judgements and estimates are required to determine the likelihood of the approvals of the contract modifications by the customers and the final approved amounts.

Management has assessed and of the view that there is no provision for onerous contracts required as at balance sheet date.

Management has also assessed the recoverability of the Group's contract assets (Note 6(b)) and is of the view that there is no allowance for expected credit loss required as at 31 December 2021.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash at bank and on hand	15,968,694	29,438,943	2,801,176	3,380,971
Short-term bank deposits	35,062,089	49,658,315	711,369	697,143
	<u>51,030,783</u>	<u>79,097,258</u>	<u>3,512,545</u>	<u>4,078,114</u>

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

	Group	
	2021	2020
	\$	\$
Cash and cash equivalents (as above)	51,030,783	79,097,258
Less: Bank deposits pledged	(5,195,509)	(5,138,894)
Cash and cash equivalents per consolidated statement of cash flows	<u>45,835,274</u>	<u>73,958,364</u>

Short-term bank deposits of \$5,195,509 (2020: \$5,138,894) are pledged to banks for banking facilities of certain subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade receivables				
– Non-related parties	3,277,355	1,758,718	–	–
– Subsidiary corporations	–	–	8,191,680	6,732,500
– Joint ventures	404,818	716,616	–	–
	3,682,173	2,475,334	8,191,680	6,732,500
Retentions	266,499	266,499	–	–
Other receivables				
– Subsidiary corporations	–	–	11,970,582	11,951,837
– Associated companies	8,560	8,560	–	–
– Joint ventures	35,500	35,500	–	–
– Non-related parties	494,872	691,717	5,824	3,799
	538,932	735,777	11,976,406	11,955,636
Less: Allowance for impairment of receivables (Note 33(ii))	–	–	(687,863)	(687,863)
Non-trade receivables – net	538,932	735,777	11,288,543	11,267,773
Government grant receivable	127,500	1,454,470	–	14,000
Advances to suppliers	149,634	1,089,263	–	–
Deposits	1,917,674	2,418,940	10,220	14,820
Prepayments	1,340,311	1,288,852	59,215	83,238
	8,022,723	9,729,135	19,549,658	18,112,331

The other receivables from subsidiary corporations, associated companies and joint ventures are unsecured, interest-free and are repayable on demand.

As at 31 December 2021, the Group's deposits include an amount of \$767,730 representing a down payment made to purchase several plant and machineries (2020: \$1,468,415 representing a down payment made to purchase a freehold property at 35 Kreta Ayer Road, Singapore 089000). Capital commitments at the balance sheet date are disclosed in Note 35(i) to the financial statements.

Government grant receivable relates to Safe Management Measures Levy rebates (2020: Jobs Support Scheme payout) (Note 25).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	Over time \$
2021	
Construction and maintenance – Singapore (Note 23)	<u>82,965,033</u>
2020	
Construction and maintenance – Singapore (Note 23)	<u>63,308,743</u>

(b) *Contract assets and contract liabilities*

	2021 \$	Group 2020 \$
Contract assets		
– Construction and maintenance contracts	<u>15,583,990</u>	<u>14,238,867</u>
Contract liabilities		
– Construction and maintenance contracts	<u>–</u>	<u>8,933,714</u>

Contract assets balance increased due to higher unbilled amounts expected to be collected from customers following the increase in revenue.

Contract liabilities in financial year 2020 relate to advance payment for public sector construction contracts affected by the suspension of activities at workplaces due to COVID-19 for Built Environment firms of \$6,177,047 and mobilisation advance payment received from a customer of \$2,756,667.

	2021 \$	Group 2020 \$
(i) Revenue recognised in relation to contract liabilities		
Revenue recognised in current year that was included in the contract liability balance as the beginning of the year		
– Construction	7,089,433	–
– Maintenance	<u>1,844,281</u>	<u>–</u>
(ii) Unsatisfied performance obligations		
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December		
– Construction	280,733,178	186,802,072
– Maintenance	49,021,541	67,225,672
	<u>329,754,719</u>	<u>254,027,744</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 31 December 2021 and 2020 may be recognised as revenue in the next reporting period as follows:

	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$
Partial and fully unsatisfied performance obligations as at:						
31 December 2021	–	151,024,190	121,948,447	47,711,204	9,070,878	329,754,719
31 December 2020	122,411,056	92,341,058	30,895,601	8,380,029	–	254,027,744

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

7 INVENTORIES

	Group	
	2021	2020
	\$	\$
At cost		
Raw materials	1,687,339	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$19,351,424 (2020: \$11,721,539) (Note 26).

8 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2021	2020
	\$	\$
<i>Equity investments at cost</i>		
Beginning and end of financial year	17,632,234	17,632,234
<i>Allowance for impairment</i>		
Beginning and end of financial year	(110,000)	(110,000)
<i>Loan to a subsidiary corporation</i> ^(a)		
Beginning and end of financial year	1,696,539	1,696,539
	19,218,773	19,218,773

(a) During the financial year ended 31 December 2017, the loan to a subsidiary corporation was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount has been capitalised as additional capital contribution to the subsidiary corporation and is recorded as part of investments in subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of subsidiary corporations as at 31 December 2021 and 2020:

Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group	Proportion of ordinary shares held by non-controlling interests
<u>Held by the Company</u>				
# Or Kim Peow Contractors (Private) Limited	Business of road and building construction and maintenance	Singapore	100%	–
# Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	–
#* OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	–
#* OKP Investments (Singapore) Pte Ltd	Investment holding	Singapore	100%	–
#* OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	–
#* United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	100%	–
# OKP Land Pte Ltd	Investment holding and property development	Singapore	100%	–
#* OKP Transport & Trading Pte Ltd	Provision of transport and logistics services	Singapore	100%	–
<u>Held by OKP Land Pte Ltd</u>				
# Raffles Prestige Capital Pte Ltd	Investment holding	Singapore	51%	49%
<u>Held by Raffles Prestige Capital Pte Ltd</u>				
@ Bennet WA Investment Pty Ltd	Property investment	Australia	51%	49%
<u>Held by Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd</u>				
<u>Unincorporated joint venture</u>				
^ EL-OKP JV	Business of general construction	Singapore	100%	–
#	Audited by Nexia TS Public Accounting Corporation, an independent member firm of Nexia International			
@	Audited by Nexia Perth Services Pty Ltd, an independent member firm of Nexia International			
*	Dormant company			
^	Registered on 23 August 2021 and not required to be audited under the laws of country of incorporation			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

Carrying value of non-controlling interests

	2021	2020
	\$	\$
Raffles Prestige Capital Pte Ltd and its subsidiary corporation	3,563,341	1,039,611

There were no transactions with non-controlling interests for the financial years ended 31 December 2021 and 2020.

Set out below are the summarised financial information for the subsidiary corporations that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet as at 31 December

	2021	2020
	\$	\$
Current		
Assets	4,085,260	5,289,310
Liabilities	(11,912,219)	(2,682,962)
Total current net (liabilities)/assets	(7,826,959)	2,606,348
Non-current		
Assets	70,660,438	44,417,236
Liabilities	(51,295,530)	(41,422,073)
Total non-current net assets	19,364,908	2,995,163
Net assets	11,537,949	5,601,511

Summarised statement of comprehensive income for the financial years ended 31 December

	2021	2020
	\$	\$
Profit before income tax	6,039,140	2,041,854
Income tax expenses	(488,372)	(690,217)
Profit from continuing operations	5,550,768	1,351,637
Other comprehensive (loss)/income	(400,299)	404,189
Total comprehensive income	5,150,469	1,755,826
Total comprehensive income allocated to non-controlling interests	2,523,730	860,354

Summarised cash flows for the financial years ended 31 December

	2021	2020
	\$	\$
Net cash provided by operating activities	4,680,185	2,263,504
Net cash used in investing activities	(24,506,018)	(10,815)
Net cash provided by/(used in) financing activities	19,857,267	(2,473,580)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 INVESTMENTS IN JOINT VENTURES

	Group	
	2021	2020
	\$	\$
Interests in joint ventures		
Beginning of financial year	35,690	274,019
Share of (loss)/profit of joint ventures	(3,670)	326,751
Dividends received	–	(450,000)
Capital reduction in a joint venture ^{(2), (3)}	–	(115,080)
End of financial year	32,020	35,690

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	% of ownership interest	
			2021	2020
<u>Held by subsidiary corporations</u>				
<u>Incorporated joint ventures</u>				
CS-OKP Construction and Development Pte Ltd ^{(a) (1)}	Design, construction and execution of urban development (including road infrastructure)	Singapore	–	50%
Forte Builder Pte Ltd ^{(b) (2)}	Business of general construction	Singapore	–	50%
Lakehomes Pte Ltd ^{(c) (3)}	Property development	Singapore	10%	10%
<u>Unincorporated joint ventures</u>				
Chye Joo – Or Kim Peow JV ^{(d) (4)}	Business of general construction	Singapore	50%	50%
Eng Lam – United E & P JV ^{(e) (5)}	Business of general construction	Singapore	55%	55%

(a) Audited by Heng Lee Seng LLP

(b) Dormant and not audited in financial year ended 31 December 2020

(c) Audited by Ernst & Young LLP

(d) Registered on 4 May 2015 and not required to be audited under the laws of incorporation

(e) Registered on 9 April 2019 and not required to be audited under the laws of incorporation

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 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 2020. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of \$100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of \$50,000 (2020: \$50,000) in CS-OKP.

CS-OKP has been struck off on 15 March 2021.

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

On 30 December 2019, FBPL undertook a capital reduction pursuant to which the share capital of FBPL was reduced from \$1,000,000 consisting of 1,000,000 ordinary shares to \$50,000 consisting of 50,000 ordinary shares, by way of cancellation of 950,000 issued and fully paid ordinary shares and returning a total sum of \$950,000 to its shareholders (\$475,000 for OKPC and \$475,000 for SBPL).

On 3 September 2020, an application has been made to strike off FBPL. The remaining assets after the settlement of liabilities amounting to \$30,180 were returned to its shareholders (\$15,090 for OKPC and \$15,090 for SBPL).

FBPL has been struck off on 5 January 2021.

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

On 20 November 2020, LH undertook a capital reduction pursuant to which the share capital of LH was reduced from \$1,000,000 consisting of 1,000,000 ordinary shares to \$100 consisting of 100 ordinary shares, by way of cancellation of 999,900 issued and fully paid ordinary shares and returning a total sum of \$999,900 to its shareholders.

- (4) On 4 May 2015, a joint venture partnership, Chye Joo-Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.
- (5) On 9 April 2019, a joint venture partnership, Eng Lam – United E&P JV was registered to execute two contracts awarded by a government agency.

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

The Group's joint arrangements are structured as private limited companies and partnerships such that the Group and the parties to the arrangements have the rights to the net assets of the private limited companies and partnerships under the arrangements. Therefore, these arrangements are classified as joint ventures. There are no contingent liabilities relating to the Group's interest in a joint venture company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures

Set out below are the summarised financial information of joint ventures based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures, if any.

Summarised statement of comprehensive income for the financial years ended 31 December

	Lakehomes Pte Ltd \$	Cnye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Total \$
2021				
Revenue	–	25,779	11,664,718	11,690,497
Interest income	–	30	–	30
Miscellaneous income	45,572	–	–	45,572
Expenses	(205,844)	(26,752)	(11,641,392)	(11,873,988)
Includes:				
– Cost of sales	–	–	(11,641,392)	(11,641,392)
(Loss)/Profit before income tax/Total comprehensive (loss)/income	(160,272)	(943)	23,326	(137,889)

	Lakehomes Pte Ltd \$	Cnye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Other joint ventures \$	Total \$
2020					
Revenue	1,374,000	660,170	7,694,745	–	9,728,915
Interest income	–	30	110	2,776	2,916
Miscellaneous income	13,063	–	–	54,753	67,816
Expenses	(1,204,246)	(2,283)	(7,679,359)	(116,099)	(9,001,987)
Includes:					
– Cost of sales	(1,080,551)	–	(7,679,356)	–	(8,759,907)
Profit/(Loss) before income tax	182,817	657,917	15,496	(58,570)	797,660
Income tax expense	–	–	–	(232)	(232)
Total comprehensive income/ (loss)	182,817	657,917	15,496	(58,802)	797,428
Dividends received from joint ventures	100,000	350,000	–	–	450,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at 31 December

	Lakehomes Pte Ltd \$	Chye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Total \$
2021				
Current assets	193,267	15,218	1,997,257	2,205,742
Includes:				
– Cash and cash equivalents	193,267	15,218	82,360	290,845
– Trade and other receivables	–	–	405,629	405,629
– Contract assets	–	–	1,509,268	1,509,268
Current liabilities	(188,817)	(2,200)	(1,951,682)	(2,142,699)
Includes:				
– Trade and other payables	(188,817)	(2,200)	(445,432)	(636,449)
– Contract liabilities	–	–	(1,506,250)	(1,506,250)
Net assets	4,450	13,018	45,575	63,043
2020				
Current assets	936,422	365,382	4,935,167	6,236,971
Includes:				
– Cash and cash equivalents	936,422	13,694	54,834	1,004,950
– Trade and other receivables	–	351,688	718,173	1,069,861
– Contract assets	–	–	4,162,160	4,162,160
Current liabilities	(771,700)	(351,421)	(4,912,918)	(6,036,039)
Includes:				
– Trade and other payables	(771,700)	(351,421)	(3,916,637)	(5,039,758)
– Contract liabilities	–	–	(996,281)	(996,281)
Net assets	164,722	13,961	22,249	200,932

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	Lakehomes Pte Ltd \$	Chye Joo – Or Kim Peow JV \$	Eng Lam – United E & P JV \$	Other joint ventures \$	Total \$
2021					
Net assets					
Beginning of financial year	164,722	13,961	22,249	(778)	200,154
Total comprehensive income	(160,272)	(943)	23,326	–	(137,889)
Struck off during the financial year	–	–	–	778	778
End of financial year	4,450	13,018	45,575	–	63,043
Group's interest in joint ventures	10%	50%	55%	–	
Group's share of net assets/ Carrying value	445	6,509	25,066	–	32,020
2020					
Net assets					
Beginning of financial year	1,981,805	56,044	6,753	88,204	2,132,806
Total comprehensive income	182,817	657,917	15,496	(58,802)	797,428
Dividends paid	(1,000,000)	(700,000)	–	–	(1,700,000)
Capital reduction	(999,900)	–	–	(30,180)	(1,030,080)
End of financial year	164,722	13,961	22,249	(778)	200,154
Group's interest in joint ventures	10%	50%	55%	50%	
Group's share of net assets/ Carrying value	16,472	6,981	12,237	–	35,690

During the financial year ended 31 December 2020, the Group has not recognised its share of losses of its joint ventures, CS-OKP Construction and Development Pte Ltd and Forte Builder Pte Ltd amounting to \$237 and \$152 respectively as the Group's cumulative share of losses exceeded its interest in these entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to these entities amounted to \$237 and \$152 respectively at 31 December 2020.

During the financial year ended 31 December 2021, the above-mentioned associated companies were struck off.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2021	2020
	\$	\$
Beginning of financial year	410,670	1,173,383
Notional fair value of loan (net)	150,334	(69,271)
Share of profit/(loss) of associated companies	354,532	(693,442)
End of financial year	915,536	410,670

Set out below are the associated companies of the Group, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of associated companies	Principal activities	Country of incorporation	% of ownership interest	
			2021	2020
<u>Held by subsidiary corporations</u>				
Chong Kuo Development Pte Ltd ^{(a) (1)}	Property development	Singapore	22.5%	22.5%
USB Holdings Pte Ltd ^{(b) (2)}	Investment holding and property development	Singapore	25%	25%
<u>Held by USB Holdings Pte Ltd</u>				
United Singapore Builders Pte Ltd ^{(b) (3)}	General contractors	Singapore	100%	100%
USB (Phoenix) Pte Ltd ^{(b) (4)}	Property development	Singapore	100%	100%

(a) Audited by Ernst & Young LLP

(b) Audited by Nexia TS Public Accounting Corporation, an independent member firm of Nexia International

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised financial information for associated companies

Set out below are the summarised financial information of associated companies based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies, if any.

Summarised statement of comprehensive income for the financial years ended 31 December

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
2021			
Revenue	31,980,606	23,731,753	55,712,359
(Loss)/Profit before income tax/Total comprehensive (loss)/ income	(7,329,477)	2,075,347	(5,254,130)
2020			
Revenue	19,755,758	17,238,227	36,993,985
(Loss)/Profit before income tax	(3,326,078)	1,410,527	(1,915,551)
Total comprehensive (loss)/income	(3,325,355)	1,410,527	(1,914,828)

Summarised balance sheet as at 31 December

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
2021			
Current assets	68,042,222	43,430,141	111,472,363
Non-current assets	852,903	–	852,903
Current liabilities	(7,127,246)	(1,445,290)	(8,572,536)
Non-current liabilities	(67,049,416)	(37,343,829)	(104,393,245)
Net assets	(5,281,537)	4,641,022	(640,515)
2020			
Current assets	63,563,787	48,940,357	112,504,144
Non-current assets	520,197	–	520,197
Current liabilities	(12,026,574)	(1,539,924)	(13,566,498)
Non-current liabilities	(50,755,509)	(45,008,674)	(95,764,183)
Net assets	1,301,901	2,391,759	3,693,660

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in associated companies, is as follows:

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
2021			
Net assets			
Beginning of financial year	(997,247)	612,874	(384,373)
Total comprehensive (loss)/income	(7,329,477)	2,075,347	(5,254,130)
End of financial year	(8,326,724)	2,688,221	(5,638,503)
Group's interest in associated companies	25%	22.5%	
Group's share of net assets	(361,733)	604,850	243,117
Notional fair value of loan, net	461,186	211,233	672,419
Carrying value of Group's interest in associated companies at end of financial year	99,453	816,083	915,536

	USB Group*	Chong Kuo Development Pte Ltd	Total
	\$	\$	\$
2020			
Net assets			
Beginning of financial year	2,328,108	(797,653)	1,530,455
Total comprehensive (loss)/income	(3,325,355)	1,410,527	(1,914,828)
End of financial year	(997,247)	612,874	(384,373)
Group's interest in associated companies	25%	22.5%	
Group's share of net assets	(249,312)	137,897	(111,415)
Notional fair value of loan, net	389,122	132,963	522,085
Carrying value of Group's interest in associated companies at end of financial year	139,810	270,860	410,670

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

The Group has not recognised its share of loss of its associated company, USB Holdings Pte Ltd amounting to \$1,719,948 (2020: Nil) as the Group's cumulative share of losses exceeded its interest in this entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to \$1,719,948 (2020: Nil) as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 INVESTMENT PROPERTIES

	Group	
	2021	2020
	\$	\$
Beginning of financial year	52,107,236	49,567,937
Additions ^(a)	24,403,015	–
Currency translation differences	(2,394,969)	3,216,731
Net fair value gain/(loss) recognised in profit or loss (Note 25)	4,371,481	(677,432)
End of financial year	<u>78,486,763</u>	<u>52,107,236</u>

(a) Included in additions are acquisitions of two investment properties of \$23,680,000 and capitalised expenditure of \$723,015.

Bank borrowings are secured on investment properties of the Group with carrying amounts of \$70,366,763 (2020: \$44,417,236).

The following amounts are recognised in profit or loss:

	Group	
	2021	2020
	\$	\$
Rental income (Note 23)	7,069,750	6,318,213
Direct operating expenses arising from investment properties that generate rental income (Note 26)	<u>(2,329,857)</u>	<u>(1,981,216)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 INVESTMENT PROPERTIES (CONT'D)

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

Location	Description	Existing use	Tenure	Fair value	
				2021	2020
				\$	\$
6-8 Bennett Street, East Perth, Western Australia	Office building	Office building	Freehold	42,586,763	44,417,236
No. 190 Moulmein Road, #10-03 The Huntington, Singapore 308095	Apartment unit	Residential	Freehold	1,980,000	1,900,000
No. 6 Tagore Drive B1-06 Tagore Building, Singapore 787623	Office unit	Office unit	Freehold	1,690,000	1,640,000
No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623	Office unit	Office unit	Freehold	1,600,000	1,550,000
7 Woodlands Industrial Park E2, Singapore 757450	3-storey factory	Workshop, office unit, dormitory	60-year lease from 25 September 2006	2,850,000	2,600,000
35 Kreta Ayer Road, Singapore 089000	Office building	Office building	Freehold	15,000,000	–
69 Kampong Bahru Road, Singapore 169372	2-storey shophouse with attic	Office building	Freehold	6,390,000	–
71 Kampong Bahru Road, Singapore 169733	2-storey shophouse with attic	Office building	Freehold	6,390,000	–

The investment properties listed as above are leased to non-related parties under non-cancellable leases.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 INVESTMENT PROPERTIES (CONT'D)

Fair value hierarchy:

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$
2021			
Office building	–	70,366,363	–
Residential	–	1,980,000	–
Office units	–	3,290,000	–
Workshop, office unit, dormitory	–	2,850,000	–
2020			
Office building	–	44,417,236	–
Residential	–	1,900,000	–
Office units	–	3,190,000	–
Workshop, office unit, dormitory	–	2,600,000	–

Valuation techniques used to derive Level 2 fair values

For the investment property in Australia, the external independent professional valuers (“valuers”) used capitalisation method while for the investment properties in Singapore, the valuers used direct comparison method to determine the fair values of the investment properties.

Level 2 fair value of the Group’s property in Australia have been derived on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates and terminal capitalisation rates) used by the valuers. These estimates are based on local market conditions existing at the balance sheet date.

Level 2 fair values of the Group’s properties in Singapore have been derived using the Direct Market Comparison method based on the properties’ highest and best use. Market prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation method is market price per square metre.

Valuation processes of the Group

The Group engages valuers to determine the fair value of the Group’s properties at the end of every financial year based on the properties’ highest and best use. As at 31 December 2021 and 2020, the fair values of the properties have been determined by Savills Valuation and Professional Services (S) Pte Ltd, CKS Property Consultants Pte Ltd, Premas Valuers & Property Consultants Pte Ltd, and Burgess Rawson (WA) Pty Ltd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 OTHER RECEIVABLES - NON-CURRENT

	Group	
	2021	2020
	\$	\$
Loan to associated companies	11,775,080	8,925,414

The loan to associated companies are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields.

The fair values of non-current other receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	Group		Borrowing rate	
	2021	2020	2021	2020
	\$	\$	%	%
Loan to associated companies	11,649,946	8,832,950	0.44	0.41

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 PROPERTY, PLANT AND EQUIPMENT

Group	Building	Leasehold property	Freehold land	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Signboard	Right-of-use assets (Note 14)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2021 Cost											
Beginning of financial year	3,875,156	3,680,257	9,884,568	24,534,050	10,885,239	508,699	887,691	49,865	10,450	17,118,845	71,434,820
Additions	-	-	-	1,137,296	1,861,485	-	-	27,810	-	4,171,035	7,197,626
Disposals	-	-	-	-	(130,918)	-	-	-	-	(1,038,722)	(1,169,640)
Written off	-	-	-	(59,811)	-	-	-	-	-	-	(59,811)
End of financial year	3,875,156	3,680,257	9,884,568	25,611,535	12,615,806	508,699	887,691	77,675	10,450	20,251,158	77,402,995
Accumulated depreciation											
Beginning of financial year	632,987	2,698,858	-	20,580,825	8,111,018	508,699	887,562	27,289	10,450	7,193,199	40,650,887
Depreciation charge (Note 26)	91,636	245,350	-	1,026,168	832,913	-	129	5,776	-	2,075,541	4,277,513
Disposals	-	-	-	-	(120,753)	-	-	-	-	(941,121)	(1,061,874)
Written off	-	-	-	(44,757)	-	-	-	-	-	-	(44,757)
End of financial year	724,623	2,944,208	-	21,562,236	8,823,178	508,699	887,691	33,065	10,450	8,327,619	43,821,769
Net book value at end of financial year	3,150,533	736,049	9,884,568	4,049,299	3,792,628	-	-	44,610	-	11,923,539	33,581,226

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2020 Cost	Building \$	Leasehold property \$	Freehold land \$	Plant and machinery \$	Motor vehicles \$	Office equipment \$	Furniture and fittings		Renovation \$	Signboard \$	Right-of- use assets (Note 14) \$	Total \$
Beginning of financial year	3,404,068	3,680,257	2,111,614	24,258,344	10,129,205	508,699	887,691	23,305	10,450	15,919,999	60,933,632	
Additions	471,088	-	7,772,954	371,706	1,052,527	-	-	26,560	-	2,800,610	12,495,445	
Disposals	-	-	-	(91,000)	(296,493)	-	-	-	-	(1,601,764)	(1,989,257)	
Written off	-	-	-	(5,000)	-	-	-	-	-	-	(5,000)	
End of financial year	3,875,156	3,680,257	9,884,568	24,534,050	10,885,239	508,699	887,691	49,865	10,450	17,118,845	71,434,820	
Accumulated depreciation												
Beginning of financial year	543,315	2,453,508	-	19,614,281	7,640,233	508,699	887,179	18,644	10,450	5,702,332	37,378,641	
Depreciation charge (Note 26)	89,672	245,350	-	1,058,127	732,317	-	383	8,645	-	2,044,787	4,179,281	
Disposals	-	-	-	(87,250)	(261,532)	-	-	-	-	(553,920)	(902,702)	
Written off	-	-	-	(4,333)	-	-	-	-	-	-	(4,333)	
End of financial year	632,987	2,698,858	-	20,580,825	8,111,018	508,699	887,562	27,289	10,450	7,193,199	40,650,887	
Net book value at end of financial year	3,242,169	981,399	9,884,568	3,953,225	2,774,221	-	129	22,576	-	9,925,646	30,783,933	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building \$	Freehold land \$	Motor vehicles \$	Office equipment \$	Furniture and fittings \$	Renovation \$	Total \$
Company							
2021							
Cost							
Beginning of financial year	3,875,156	9,884,568	174,404	388,519	883,858	49,865	15,256,370
Additions	–	–	–	–	–	27,810	27,810
End of financial year	3,875,156	9,884,568	174,404	388,519	883,858	77,675	15,284,180
Accumulated depreciation							
Beginning of financial year	632,987	–	139,524	388,519	883,858	27,289	2,072,177
Depreciation charge	91,636	–	34,880	–	–	5,776	132,292
End of financial year	724,623	–	174,404	388,519	883,858	33,065	2,204,469
Net book value at end of financial year	3,150,533	9,884,568	–	–	–	44,610	13,079,711
2020							
Cost							
Beginning of financial year	3,404,068	2,111,614	174,404	388,519	883,858	23,305	6,985,768
Additions	471,088	7,772,954	–	–	–	26,560	8,270,602
End of financial year	3,875,156	9,884,568	174,404	388,519	883,858	49,865	15,256,370
Accumulated depreciation							
Beginning of financial year	543,315	–	104,643	388,519	883,858	18,644	1,938,979
Depreciation charge	89,672	–	34,881	–	–	8,645	133,198
End of financial year	632,987	–	139,524	388,519	883,858	27,289	2,072,177
Net book value at end of financial year	3,242,169	9,884,568	34,880	–	–	22,576	13,184,193

(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	
				2021 \$	2020 \$
30 Tagore Lane, Singapore 787484	Freehold	Office use	10,742	4,831,205	4,904,286
32 Tagore Lane, Singapore 787485	Freehold	Dormitory/office	6,684	8,203,896	8,222,451
2A Sungei Kadut Drive, Singapore 729554	Leasehold	Fabrication yard/ workshop/office	55,865	736,049	981,399

(ii) Included within additions in the consolidated financial statements are right-of-use assets acquired under lease arrangement amounting to \$3,776,535 (2020: \$1,742,671).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 RIGHT-OF-USE ASSETS

The Group leases office space for the purpose of back office for construction and maintenance operations. The Group leases motor vehicles, plant and machinery and state land for construction and maintenance divisions to fulfil its obligations relating to construction contracts with customers.

Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(a) Amounts recognised in the balance sheet

	Group	
	2021	2020
	\$	\$
<u>Right-of-use assets</u>		
Office unit	173,832	254,061
Plant and machinery	9,899,761	7,449,848
Motor vehicles	1,311,066	1,695,799
Use of state land for worksite	538,880	525,938
	11,923,539	9,925,646
<u>Lease liabilities</u>		
Current (Note 17)	2,086,602	1,956,844
Non-current (Note 17)	4,316,335	3,138,723
	6,402,937	5,095,567

(b) Amounts recognised in the profit or loss

	Group	
	2021	2020
	\$	\$
<u>Depreciation of right-of-use assets</u>		
Office unit	80,230	363,185
Plant and machinery	1,218,017	1,061,748
Motor vehicles	287,132	275,416
Use of state land for worksite	490,162	344,438
	2,075,541	2,044,787
<u>Lease liabilities</u>		
Interest expense (included in finance expense) (Note 28)	148,734	234,708
Lease expenses not capitalised in lease liabilities (Note 26):		
– Short term leases (“included in rental expenses”)	2,003,991	1,644,610
– Low-value leases (“included in rental expenses”)	158,074	153,683
	2,162,065	1,798,293

(c) Total cash outflow for leases for the financial year ended 31 December 2021 was \$4,779,964 (2020: \$5,060,507).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 RIGHT-OF-USE ASSETS (CONT'D)

(d) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

There are no variable lease payments for the financial years ended 31 December 2021 and 2020.

ii. Extension options

The leases for certain office units contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

15 INTANGIBLE ASSETS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Composition:				
Goodwill (Note a)	1,687,551	1,687,551	-	-
Computer software licences (Note b)	36,988	63,475	11,599	16,238
	<u>1,724,539</u>	<u>1,751,026</u>	<u>11,599</u>	<u>16,238</u>

(a) Goodwill

This represents goodwill on acquisitions of subsidiary corporations which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

	Group	
	2021	2020
	\$	\$
<i>Cost/Net book value</i>		
Beginning and end of financial year	<u>1,687,551</u>	<u>1,687,551</u>

Impairment tests for goodwill

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

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

	Group	
	2021	2020
	\$	\$
Construction	1,485,045	1,485,045
Maintenance	202,506	202,506
	<u>1,687,551</u>	<u>1,687,551</u>

The recoverable amount of a CGU was determined based on value-in-use. Cash flow projections used in these value-in-use calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rates stated below. The growth rates did not exceed the long-term average growth rate for the business in which the CGU operates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 INTANGIBLE ASSETS (CONT'D)

(a) *Goodwill (cont'd)*

Key assumptions used for value-in-use calculations:

	Construction	Maintenance
2021		
Gross margin	3% – 8%	7% – 9%
Growth rate	8%	3%
Discount rate	7.2%	7.2%
2020		
Gross margin	8% – 15%	8% – 15%
Growth rate	8%	3%
Discount rate	7.2%	7.2%

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of market developments. The average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

(b) *Computer software licences*

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Cost				
Beginning and end of financial year	519,715	519,715	78,243	78,243
Accumulated amortisation				
Beginning of financial year	456,240	426,003	62,005	57,363
Amortisation charge (Note 26)	26,487	30,237	4,639	4,642
End of financial year	482,727	456,240	66,644	62,005
Net book value	36,988	63,475	11,599	16,238

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Current</i>				
Trade payables				
– Non-related parties	12,811,787	11,235,746	67,351	70,293
Other payables				
– Subsidiary corporations	–	–	1,955,136	1,954,922
– Non-controlling interests	599,695	442,601	–	–
– Non-related parties	473,465	401,531	–	–
	1,073,160	844,132	1,955,136	1,954,922
Deferred grant income	–	525,578	–	–
Accrued operating expenses	6,844,486	7,574,592	918,723	1,086,711
	20,729,433	20,180,048	2,941,210	3,111,926
<i>Non-current</i>				
Other payables				
– Loan from non-controlling interests	16,090,367	10,788,212	–	–
– Less: Notional fair value of loan	(815,616)	(874,435)	–	–
	15,274,751	9,913,777	–	–

The current other payables to subsidiary corporations and non-controlling interests are unsecured, interest-free and are repayable on demand.

Deferred grant income in 2020 relates to Jobs Support Scheme payout (Note 25).

The non-current loan from non-controlling interests is unsecured, interest-free. The loan is for the purpose of funding the subsidiary corporation's operating and development activities. The loan was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount represents capital reserve (Note 21 (b)(iii)) and is recorded as part of equity.

The fair values of non-current other payables approximate their carrying amounts.

17 BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<i>Current</i>				
Lease liabilities (Note 14)	2,086,602	1,956,844	–	–
Bank loans	13,934,094	5,314,995	4,050,000	4,500,000
	16,020,696	7,271,839	4,050,000	4,500,000
<i>Non-current</i>				
Lease liabilities (Note 14)	4,316,335	3,138,723	–	–
Bank loans	20,086,570	21,189,874	–	–
	24,402,905	24,328,597	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 BORROWINGS (CONT'D)

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

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
6 months or less	5,167,047	2,657,498	2,025,000	2,250,000
6 -12 months	8,767,047	2,657,497	2,025,000	2,250,000
1 - 5 years	18,642,127	21,189,874	-	-
Over 5 years	1,444,443	-	-	-
	<u>34,020,664</u>	<u>26,504,869</u>	<u>4,050,000</u>	<u>4,500,000</u>

The effective interest rates for bank loans ranged from 1.37% to 2.05% per annum (2020: 1.41% to 3.10% per annum).

(a) Fair value of non-current borrowings

	Group	
	2021	2020
	\$	\$
Bank loans	<u>19,418,419</u>	<u>20,221,025</u>

The fair values above are determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2021	2020
	%	%
Bank loans	<u>1.48 – 2.03</u>	<u>2.03</u>

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

(b) Security granted

Lease liabilities of the Group amounting to \$5,636,480 (2020: \$4,214,678) (Note 14) are secured over the leased plant and machinery, and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities. The lease liabilities are also secured by the Company's corporate guarantees (Note 36(i)).

Bank loans are secured by first legal mortgage over investment properties of the Group (Note 11), certain bank deposits (Note 4), corporate guarantees of the Company (Note 36) and charge over the Group's shares in the subsidiary corporation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 BORROWINGS (CONT'D)

(c) *Reconciliation of liabilities arising from financing activities*

	1 January 2021	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2021
				Additions during the year	Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	5,095,567	–	(2,617,899)	3,776,535	148,734	–	6,402,937
Bank loans	26,504,869	11,700,000	(3,977,957)	–	547,243	(753,491)	34,020,664

	1 January 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2020
				Additions during the year	Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	6,380,402	–	(3,262,214)	1,742,671	234,708	–	5,095,567
Bank loans	23,537,076	4,500,000	(3,736,561)	–	602,325	1,602,029	26,504,869

18 PROVISIONS

	Group	
	2021	2020
	\$	\$
Legal claims	–	1,400,000

The Group secured a contract to construct a viaduct from TPE to PIE (Westbound) and Upper Changi Road East ("contract ER449A") from the Land Transport Authority of Singapore ("LTA") in November 2015. On 14 July 2017, part of a highway structure under construction at Upper Changi Road East collapsed ("incident"). On 6 July 2018, the Group and the LTA have entered into an agreement to mutually terminate contract ER449A ("termination"). In relation to the termination, a settlement sum was agreed with and paid to LTA. During the financial year ended 31 December 2020, the Group recognised a total of approximately \$121,000 additional costs incurred relating to this project.

On 15 May 2018, the Group's wholly-owned subsidiary corporation, Or Kim Peow Contractors (Private) Limited ("OKPC") has received summon from the Ministry of Manpower and/or the Building and Construction Authority and the pre-trial conference was held on various dates and the latest was on 30 July 2019, pursuant to summon in relation to the incident which has been adjourned to period between 14 April 2020 and 30 April 2020.

On 22 January 2021, the verdict has been concluded that OKPC was given a fine of \$1,000,000 and two of the Group's employees were also sentenced to imprisonment of 13 months and 11 months respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accelerated tax depreciation				
Beginning of financial year	1,104,355	1,252,572	10,095	4,343
Tax (credit)/charge to profit or loss (Note 29(a))	(240,983)	(148,217)	(539)	5,752
End of financial year	<u>863,372</u>	<u>1,104,355</u>	<u>9,556</u>	<u>10,095</u>

Deferred income tax assets

	Group	
	2021	2020
	\$	\$
Fair value on investment properties in Australia		
Beginning of financial year	-	-
Currency translation differences	8,649	-
Tax credit to profit or loss (Note 29(a))	(302,324)	-
End of financial year	<u>(293,675)</u>	<u>-</u>

Deferred income tax assets are recognised for the revaluation of investment properties in Australia, which does not affect taxable profit in the period of the revaluation and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in a taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of the investment properties and its tax base is a temporary difference and gives rise to the deferred income tax assets.

The Group has unrecognised tax losses of \$5,800,000 (2020: \$500,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital \$	Treasury shares \$
Group and Company				
2021				
Beginning and end of financial year	308,430,594	(1,469,100)	36,832,301	(234,974)
2020				
Beginning of financial year	308,430,594	–	36,832,301	–
Treasury shares purchases	–	(1,469,100)	–	(234,974)
End of financial year	308,430,594	(1,469,100)	36,832,301	(234,974)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(a) *Treasury shares*

In 2020, the Company acquired 1,469,100 shares in the Company in the open market and the total amount paid to acquire the shares was \$234,974. This was presented as a component within shareholder's equity.

(b) *Share award*

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the award of fully paid shares ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of shares which may be delivered pursuant to Awards granted, when added to the number of shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling shareholders and their associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of shares that are available to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSS and the number of shares that are available to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no Awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 OTHER RESERVES

	Group	
	2021	2020
	\$	\$
(a) Composition:		
Asset revaluation reserve	1,372,330	1,372,330
Currency translation reserve	(38,284)	165,869
Capital reserve	2,107,896	1,705,132
	3,441,942	3,243,331
(b) Movement:		
(i) Asset revaluation reserve		
	Group	
	2021	2020
	\$	\$
Beginning and end of financial year	1,372,330	1,372,330
(ii) Currency translation reserve		
	Group	
	2021	2020
	\$	\$
Beginning of financial year	165,869	(40,267)
Currency translation differences arising from consolidation	(400,299)	404,189
Less: Non-controlling interests	196,146	(198,053)
End of financial year	(38,284)	165,869
(iii) Capital reserve		
	Group	
	2021	2020
	\$	\$
Beginning of financial year	1,705,132	1,655,007
Fair value adjustment on interest-free loan	402,764	50,125
End of financial year	2,107,896	1,705,132

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 RETAINED PROFITS

- (a) Retained profits of the Group are distributable except for accumulated retained profits of joint ventures amounting to \$32,010 (2020: \$35,680), accumulated losses of associated companies amounting to \$2,334,457 (2020: \$2,440,207) and the amount of \$234,974 (2020: \$234,974) utilised to purchase treasury shares.

Retained profits of the Company are distributable except for the amount of \$234,974 (2020: \$234,974) utilised to purchase treasury shares.

- (b) Movement in retained profits for the Company is as follows:

	Company	
	2021	2020
	\$	\$
Beginning of financial year	10,330,133	9,084,089
Net profit	3,532,643	3,399,422
Dividends paid (Note 31)	(2,148,751)	(2,153,378)
End of financial year	<u>11,714,025</u>	<u>10,330,133</u>

23 REVENUE

	Group	
	2021	2020
	\$	\$
Revenue from construction	56,559,912	46,065,051
Revenue from maintenance	26,405,121	17,243,692
Revenue from contract with customers (Note 6(a))	82,965,033	63,308,743
Rental income from investment properties (Note 11)	7,069,750	6,318,213
	<u>90,034,783</u>	<u>69,626,956</u>

24 COST OF SALES

Included in the cost of sales are the following:

	Group	
	2021	2020
	\$	\$
Depreciation of property, plant and equipment	3,810,409	3,716,590
Amortisation of intangible assets	16,560	20,306
Employee compensation:		
– Wages and salaries	24,678,810	21,439,588
– Employer's contribution to defined contribution plans including Central Provident Fund	3,773,645	2,082,451
	<u>3,773,645</u>	<u>2,082,451</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 OTHER GAINS, OTHERS

	Group	
	2021	2020
	\$	\$
Net fair value gain/(loss) on investment properties (Note 11)	4,371,481	(677,432)
Net gain on disposal of property, plant and equipment	89,552	31,382
Property, plant and equipment written off	(15,054)	(667)
Government grants		
– National Environment Agency grant ^(a)	–	150,000
– Special Employment Credit ^(b)	21,749	22,136
– Wage Credit Scheme ^(c)	29,344	46,169
– Enterprise Development Grant ^(d)	13,576	–
– Building and Construction Authority Construction Restart Booster ^(e)	–	2,205,765
– Safe Management Measures Levy rebates ^(f)	1,250,030	2,318,505
– Rental relief ^(g)	–	71,867
– Jobs Support Scheme ^(h)	610,947	3,752,556
– Jobs Growth Incentive ⁽ⁱ⁾	117,880	–
– Prolongation Costs Co-sharing in Public Sector Construction Contracts ^(j)	1,882,730	–
– Others ^(k)	19,920	6,000
	3,946,176	8,572,998
Currency exchange (losses)/gains - net	(1,040,350)	711,325
Administrative income	96,000	105,000
Sale of materials	147,164	63,426
Others	8,993	125,502
	<u>7,603,962</u>	<u>8,931,534</u>

- (a) The National Environment Agency ("NEA") grant is a funding scheme relating to the Quieter Construction Fund ("QCF") to support Singapore-registered companies to adopt the use of quieter construction equipment, noise control equipment, and to encourage innovative solutions to reduce construction related noise.
- (b) The Special Employment Credit ("SEC") was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.
- (c) The Wage Credit Scheme is to help businesses which may face rising wage costs in a tight labour market. Wage Credit Scheme payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.
- (d) The Enterprise Development Grant ("EDG") helps Singapore companies grow and transform. This grant supports projects that help companies to upgrade its business, innovate or venture overseas under three pillars: Core Capabilities, Innovation and Productivity and Market Access.
- (e) Building and Construction Authority Construction Restart Booster which was announced on 27 June 2020 aims to help construction firms defray costs in procuring additional materials and equipment to comply with COVID Safe Worksite requirements to ensure works resume safely. The support amount is 1.5% of the project contract value, capped at \$150,000 maximum support per project.
- (f) Safe Management Measures Levy rebates was introduced to support firms in the Construction, Marine Shipyard and Process sectors as they adjust to more stringent Safe Management Measures ("SMM") arising from the COVID-19 crisis.
- (g) Rental relief was introduced as part of the COVID-19 (Temporary Measures) (Amendment) Bill to provide a rental relief framework for Small and Medium Enterprises ("SMEs") and to enhance the relief available for businesses, organisations and individuals who are unable to fulfil their contractual obligations because of COVID-19. The government will provide an equivalent of approximately 2 months of rent for qualifying commercial properties, and approximately 1 month of rent for industrial and office properties.
- (h) The Jobs Support Scheme ("JSS") is a temporary scheme introduced in the Singapore Budget 2020 to provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.
- (i) The JGI scheme is an Inland Revenue Authority of Singapore's (IRAS) co-pay scheme aimed at incentivising employers who hire local applicants by providing substantial salaries support at all wage levels. This scheme encourages employers to create good, long-term employment opportunities for Singapore Citizens and Permanent Residents.
- (j) Prolongation Costs Co-sharing in Public Sector Construction Contract was announced on 30 November 2020. The Government will continue to co-share the depreciation of contractor-owned equipment on an ex-gratia basis as part of the prolongation costs. The support amount is 0.1% of the awarded contract sum per month of delay for eligible contracts up to \$100 million.
- (k) Others consists of Co-funding Support for Safe Management Officers and Quarantine allowance (2020: Quarantine allowance and Annual General Meeting allowance).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 EXPENSES BY NATURE

	Group	
	2021	2020
	\$	\$
Fees paid/payable to auditor of the Company for:		
– audit services	165,971	163,765
– non-audit services	27,811	28,095
Purchases of materials (Note 7)	19,351,424	11,721,539
Change in inventories	(1,687,339)	–
Direct expenses arising from investment properties included in cost of sales (Note 11)	2,329,857	1,981,216
Subcontractor costs	19,364,912	11,618,439
Amortisation of intangible assets (Note 15(b))	26,487	30,237
Depreciation of property, plant and equipment (Note 13)	4,277,513	4,179,281
Employee compensation (Note 27)	35,064,080	29,763,403
Professional fees	2,032,769	4,282,789
Provision for legal claims (Note 18)	–	1,400,000
Property tax and maintenance fee	136,428	74,522
Worksite expenses	2,179,858	1,658,456
Rental expenses ((Note 14(b))	2,162,065	1,798,293
Upkeep of machineries and equipment	1,895,974	1,342,037
Upkeep of motor vehicles and lorries	1,311,696	861,247
Security fees	415,903	280,617
Withholding tax expenses	131,430	149,463
Other expenses	3,352,166	3,034,775
Total cost of sales and administrative expenses	<u>92,539,005</u>	<u>74,368,174</u>

27 EMPLOYEE COMPENSATION

	Group	
	2021	2020
	\$	\$
Wages and salaries	30,872,468	27,278,098
Employer's contribution to defined contribution plans including Central Provident Fund	4,191,612	2,485,305
	<u>35,064,080</u>	<u>29,763,403</u>

28 FINANCE EXPENSES

	Group	
	2021	2020
	\$	\$
Interest expense		
– Lease liabilities (Note 14(b))	148,734	234,708
– Notional interest on loan	442,153	325,626
– Bank loans	547,243	602,325
	<u>1,138,130</u>	<u>1,162,659</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 INCOME TAXES

(a) *Income tax expense*

	Group	
	2021	2020
	\$	\$
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	–	44,000
– Foreign	790,696	690,217
	790,696	734,217
Deferred income tax		
– Singapore (Note 19)	(240,983)	(87,687)
– Foreign (Note 19)	(302,324)	–
	(543,307)	(87,687)
	247,389	646,530
Over provision of income tax in prior financial years:		
– Current income tax – Singapore	(34,000)	(108,499)
– Deferred income tax – Singapore (Note 19)	–	(60,530)
	(34,000)	(169,029)
	213,389	477,501

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	
	2021	2020
	\$	\$
Profit before income tax	4,448,132	4,432,783
Share of loss/(profit) of joint ventures, net of tax	3,670	(326,751)
Share of (profit)/loss of associated companies, net of tax	(354,532)	693,442
Profit before income tax and share of results of associated companies and joint ventures	4,097,270	4,799,474
Tax calculated at a tax rate of 17% (2020: 17%)	696,536	815,911
Effects of:		
– Different tax rates in other countries	427,992	252,212
– Tax incentives	(257,971)	(247,526)
– Income not subject to tax	(1,557,445)	(1,822,902)
– Expenses not deductible for tax purposes	454,991	841,854
– Deferred tax assets not recognised	583,825	773,547
– Group relief	(63,023)	–
– Others	(37,516)	33,434
Tax charge	247,389	646,530

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 INCOME TAXES (CONT'D)

(b) *Movement in current income tax liabilities*

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Beginning of financial year	763,530	644,033	60,168	34,592
Currency translation differences	–	39,107	–	–
Income tax paid	(949,535)	(545,328)	–	–
Tax expense	790,696	734,217	–	44,000
Over provision in prior financial years	(34,000)	(108,499)	–	(18,424)
End of financial year	570,691	763,530	60,168	60,168

30 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2021	2020
Net profit attributable to equity holders of the Company	\$1,514,867	\$3,292,980
Weighted average number of ordinary shares outstanding for basic earnings per share	306,961,494	307,467,992
Basic and diluted earnings per share (cents per share)	0.49	1.07

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 DIVIDENDS

	Group and Company	
	2021	2020
	\$	\$
<i>Ordinary dividends paid</i>		
Final one-tier tax exempt dividend paid in respect of the previous financial year of \$0.007 (2020: \$0.007) per share	2,148,751	2,153,378

At the coming Annual General Meeting on 25 April 2022, a final tax exempt (one-tier) dividend of \$0.007 per share amounting to a total of approximately \$2,148,730 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

32 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation

	Group	
	2021	2020
	\$	\$
Wages and salaries	3,028,438	3,185,140
Employer's contribution to defined contribution plans including Central Provident Fund	106,295	106,836
	<u>3,134,733</u>	<u>3,291,976</u>

Included in the above is total compensation to directors of the Company amounting to \$2,504,700 (2020: \$2,682,690).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

(i) **Market risk**

(a) **Currency risk**

The Group's exposure to foreign exchange rate risk is kept at minimal level as its costs and revenues are predominantly denominated in Singapore Dollar ("SGD") and Australian Dollar ("AUD"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD").

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

	SGD \$	USD \$	AUD \$	Total \$
2021				
Financial assets				
Cash and cash equivalents	45,190,214	2,882,595	2,957,974	51,030,783
Trade and other receivables	18,248,222	–	59,636	18,307,858
Intra-group receivables	55,839,562	–	19,611,413	75,450,975
	<u>119,277,998</u>	<u>2,882,595</u>	<u>22,629,023</u>	<u>144,789,616</u>
Financial liabilities				
Borrowings	21,997,381	–	18,426,220	40,423,601
Trade and other payables	26,194,568	–	9,809,616	36,004,184
Intra-group payables	55,839,562	–	19,611,413	75,450,975
	<u>104,031,511</u>	<u>–</u>	<u>47,847,249</u>	<u>151,878,760</u>
Net financial assets/(liabilities)	<u>15,246,487</u>	<u>2,882,595</u>	<u>(25,218,226)</u>	<u>(7,089,144)</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>–</u>	<u>2,882,595</u>	<u>–</u>	<u>2,882,595</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(a) *Currency risk (cont'd)*

	SGD \$	USD \$	AUD \$	Total \$
2020				
Financial assets				
Cash and cash equivalents	72,719,111	2,824,228	3,553,919	79,097,258
Trade and other receivables	16,145,278	–	131,156	16,276,434
Intra-group receivables	40,338,681	–	11,232,090	51,570,771
	<u>129,203,070</u>	<u>2,824,228</u>	<u>14,917,165</u>	<u>146,944,463</u>
Financial liabilities				
Borrowings	9,595,567	–	22,004,869	31,600,436
Trade and other payables	20,231,314	–	9,862,511	30,093,825
Intra-group payables	40,338,681	–	11,232,090	51,570,771
	<u>70,165,562</u>	<u>–</u>	<u>43,099,470</u>	<u>113,265,032</u>
Net financial assets/(liabilities)	<u>59,037,508</u>	<u>2,824,228</u>	<u>(28,182,305)</u>	<u>33,679,431</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>–</u>	<u>2,824,228</u>	<u>–</u>	<u>2,824,228</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(a) *Currency risk (cont'd)*

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

	SGD \$	USD \$	Total \$
2021			
Financial assets			
Cash and cash equivalents	2,723,720	788,825	3,512,545
Trade and other receivables	19,490,443	–	19,490,443
	<u>22,214,163</u>	<u>788,825</u>	<u>23,002,988</u>
Financial liabilities			
Borrowings	4,050,000	–	4,050,000
Trade and other payables	2,941,210	–	2,941,210
	<u>6,991,210</u>	<u>–</u>	<u>6,991,210</u>
Net financial assets	<u>15,222,953</u>	<u>788,825</u>	<u>16,011,778</u>
Currency exposure of financial assets	<u>–</u>	<u>788,825</u>	<u>788,825</u>
	SGD \$	USD \$	Total \$
2020			
Financial assets			
Cash and cash equivalents	3,305,061	773,053	4,078,114
Trade and other receivables	18,029,093	–	18,029,093
	<u>21,334,154</u>	<u>773,053</u>	<u>22,107,207</u>
Financial liabilities			
Borrowings	4,500,000	–	4,500,000
Trade and other payables	3,111,926	–	3,111,926
	<u>7,611,926</u>	<u>–</u>	<u>7,611,926</u>
Net financial assets	<u>13,722,228</u>	<u>773,053</u>	<u>14,495,281</u>
Currency exposure of financial assets	<u>–</u>	<u>773,053</u>	<u>773,053</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) *Market risk (cont'd)*

(a) *Currency risk (cont'd)*

If the USD changes against the SGD by 2% (2020: 2%) 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 \$47,851 (2020: \$46,882) and \$13,094 (2020: \$12,833) respectively.

(b) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk is primarily from short-term deposits and bank loans 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 0.05% to 1.70% per annum (2020: 0.14% to 1.95% per annum). If the interest rates had increased/decreased by 0.5% (2020: 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 \$187,000 (2020: \$195,000).

The effective interest rates for bank loans ranged from 1.37% to 2.05% (2020: 1.41% to 3.10%) per annum. If the interest rates had increased/decreased by 0.5% (2020: 0.5%) with all other variables including tax rate being held constant, the effect to net profit as a result of higher/lower interest expense on these bank loans will be approximately higher/lower by \$116,000 (2020: \$118,000).

(c) *Price risks*

The Group and the Company do not have exposure to equity price risk as the Group and the Company do not hold any equity financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Managing Director based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Group Managing Director.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2021	2020
	\$	\$
Corporate guarantees provided to banks for subsidiary corporations' banking facilities		
– Lease liabilities (Note 17 and 36)	5,636,480	4,214,678
– Bank loans (Note 17 and 36)	34,020,664	26,504,869

Concentration on credit risk

The trade receivables of the Group comprise of 2 debtors (2020: 2 debtors) that individually represented 42% - 45% (2020: 16% - 53%) of trade receivables.

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

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
<u>By geographical areas</u>				
Singapore	3,682,173	2,475,334	8,191,680	6,732,500
<u>By types of customers</u>				
Non-related parties				
– Government bodies	3,206,557	1,698,295	–	–
– Non-government bodies	70,798	60,423	–	–
Subsidiary corporations	–	–	8,191,680	6,732,500
Joint ventures	404,818	716,616	–	–
	3,682,173	2,475,334	8,191,680	6,732,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

Trade receivables and contract assets

The Group uses a provision matrix to measure the expected credit loss ("ECL") allowance for trade receivables and contract assets.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the exposure to credit risk and ECLs for current trade receivables and contract assets as at 31 December 2021 and 2020:

	Weighted average loss rate %	Trade receivables \$	Contract assets \$	Gross carrying amount \$	Impairment loss allowance \$	Credit impaired
2021						
Group						
Current (not past due)	0.00	586,301	15,583,990	16,170,291	–	No
Past due <3 months	0.00	3,095,872	–	3,095,872	–	No
		<u>3,682,173</u>	<u>15,583,990</u>	<u>19,266,163</u>	<u>–</u>	
Company						
Current (not past due)	0.00	<u>8,191,680</u>	–	<u>8,191,680</u>	–	No
2020						
Group						
Current (not past due)	0.00	738,786	14,238,867	14,977,653	–	No
Past due <3 months	0.00	1,736,548	–	1,736,548	–	No
		<u>2,475,334</u>	<u>14,238,867</u>	<u>16,714,201</u>	<u>–</u>	
Company						
Current (not past due)	0.00	<u>6,732,500</u>	–	<u>6,732,500</u>	–	No

Management believes that, based on their internal credit risk ratings, there is no credit loss allowance necessary in respect of the trade receivables and contract assets as they arose mainly from customers that have low default risk on billings and payments and a good record with the Group.

The Company's trade receivables from subsidiary corporations of the Company are provided under the overall group treasury strategy. The Group has sufficient financial assets and other committed credit lines to meet the cash flow needs of the Group. There is no loss allowance arising from these outstanding balances as the ECL is not significant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost mainly comprised of non-trade receivables (other than non-trade receivables from subsidiary corporations) and deposits. The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each balance sheet date, the Group and the Company assess whether the credit risk of these financial assets has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

As at 31 December 2021 and 2020, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group and the Company concluded that no loss allowance is required to be provided for these financial assets.

Other receivables from subsidiary corporations

Other receivables from subsidiary corporations are provided mainly for short term funding requirements. The Company uses similar approach as described for *Other financial assets, at amortised cost* for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The Company concluded that the loss allowance provided for other receivables from subsidiary corporations is adequate, as there is no reasonable ground to recover the receivables from these subsidiary corporations.

The movements in loss allowance are as follows:

	Company	
	2021	2020
	\$	\$
Beginning and end of financial year	687,863	687,863

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) *Credit risk (cont'd)*

Cash and cash equivalents

Cash and cash equivalents are placed only with reputable licensed financial institutions with high credit-ratings. The cash balances are measured on a 12-month ECL and subjected to immaterial credit loss.

(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 \$
Group				
2021				
Trade and other payables	20,729,433	–	16,090,367	36,819,800
Borrowings	17,343,549	19,992,084	4,232,987	41,568,620
	<u>38,072,982</u>	<u>19,992,084</u>	<u>20,323,354</u>	<u>78,388,420</u>
2020				
Trade and other payables	20,180,048	–	10,788,212	30,968,260
Borrowings	7,408,519	2,264,480	22,196,395	31,869,394
	<u>27,588,567</u>	<u>2,264,480</u>	<u>32,984,607</u>	<u>62,837,654</u>
Company				
2021				
Trade and other payables	2,941,210	–	–	2,941,210
	<u>2,941,210</u>	<u>–</u>	<u>–</u>	<u>2,941,210</u>
2020				
Trade and other payables	3,111,926	–	–	3,111,926
	<u>3,111,926</u>	<u>–</u>	<u>–</u>	<u>3,111,926</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(iv) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's and Company's strategies in monitoring their capital, which were unchanged since 2013, are to maintain gearing ratios within 25% to 30%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2021 \$	2020 \$
Group		
<i>Net debt</i>		
Borrowings (Note 17)	40,423,601	31,600,436
Trade and other payables (Note 16)	36,004,184	30,093,825
	<u>76,427,785</u>	<u>61,694,261</u>
Less: Cash and cash equivalents (Note 4)	(51,030,783)	(79,097,258)
Net debt	<u>25,397,002</u>	N.M.
<i>Total capital</i>		
Net debt	25,397,002	N.M.
Total equity	125,271,826	123,183,369
Total capital	<u>150,668,828</u>	<u>123,183,369</u>
Gearing ratio	17%	N.M.
Company		
<i>Net debt</i>		
Borrowings (Note 17)	4,050,000	4,500,000
Trade and other payables (Note 16)	2,941,210	3,111,926
	<u>6,991,210</u>	<u>7,611,926</u>
Less: Cash and cash equivalents (Note 4)	(3,512,545)	(4,078,114)
Net debt	<u>3,478,665</u>	<u>3,533,812</u>
<i>Total capital</i>		
Net debt	3,478,665	3,533,812
Total equity	48,311,352	46,927,460
Total capital	<u>51,790,017</u>	<u>50,461,272</u>
Gearing ratio	7%	7%

* N.M. – not meaningful

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Fair value measurements

Assets and liabilities are recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value disclosures of assets that are recognised or measured at fair value is disclosed at Note 11 to the financial statements.

(vi) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in notes to the financial statements, except for the following:

	Group \$	Company \$
2021		
Financial assets, at amortised cost	69,338,641	23,002,988
Financial liabilities, at amortised cost	76,427,785	6,991,210
2020		
Financial assets, at amortised cost	95,373,692	22,107,207
Financial liabilities, at amortised cost	61,694,261	7,611,926

34 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. Currently, the business segments operate only in Singapore and Australia.

Other service included in Singapore is investment holding, which is not included within the reportable operating segments, as this is not included in the reports provided to the Board of Directors. The result of this operation, if any, is included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

Construction – It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings and airports infrastructure.

Maintenance – It relates to re-construction work performed on roads, road reserves, pavements, footpaths and kerbs, guardrails, drains, signboards as well as bus bays and shelters.

Rental income – It relates to income received for rental of investment properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 SEGMENT INFORMATION (CONT'D)

	2021			2020				
	Construction \$	Maintenance \$	Rental income \$	Total \$	Construction \$	Maintenance \$	Rental income \$	Total \$
Group (cont'd)								
Profit before income tax				4,448,132				4,432,783
Income tax expense				(488,732)				(690,217)
– Allocated	–	–	(488,732)	274,983	–	–		212,716
– Unallocated								
Net profit				4,234,383				3,955,282
Depreciation of property, plant and equipment	2,904,746	905,663	–	3,810,409	2,711,152	1,005,438	–	3,716,590
Amortisation of intangible assets	16,560	–	–	16,560	20,307	–	–	20,307
Segment assets	17,210,899	6,859,519	82,882,045	106,952,463	14,254,613	9,153,185	57,976,753	81,384,551
Additions to:								
– Property, plant and equipment	2,625,235	47,906	–	2,673,141	1,795,185	44,500	–	1,839,685
– Investment properties	–	–	26,379,527	26,379,527	–	–	–	–
Segment liabilities	11,130,006	5,947,528	49,800,284	66,877,818	16,230,902	7,729,906	36,863,290	60,824,098

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 SEGMENT INFORMATION (CONT'D)

Revenue between segments is carried out at market terms. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on gross profit.

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the intangible asset (goodwill), contract assets, trade receivables and inventories. All assets are allocated to reportable segments other than cash and cash equivalents (partial), deposits, prepayments, other receivables, intangible assets (computer software licences), loan to associated companies and joint ventures, investments in associated companies and joint ventures, and property, plant and equipment (partial).

	2021 \$	2020 \$
Segment assets for reportable segments	106,952,463	81,384,551
Unallocated:		
– Cash and cash equivalents	47,638,251	75,799,300
– Deposits, prepayments, and other receivables	2,766,379	2,501,752
– Intangible assets (computer software licences)	11,599	16,238
– Loan to associated companies and joint ventures	11,775,080	8,925,414
– Investments in associated companies and joint ventures	947,556	446,360
– Property, plant and equipment	33,042,346	28,005,614
	<u>203,133,674</u>	<u>197,079,229</u>

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities and borrowings (partial).

	2021 \$	2020 \$
Segment liabilities for reportable segments	66,877,818	60,824,098
Unallocated:		
– Other payables	3,693,502	6,773,479
– Current income tax liabilities	570,691	763,530
– Deferred income tax liabilities	863,372	1,104,355
– Borrowings	5,856,465	4,430,398
	<u>77,861,848</u>	<u>73,895,860</u>

Revenue of \$35,242,170 (2020: \$26,503,050), \$15,498,851 (2020: \$9,892,130) and \$7,069,750 (2020: \$6,318,213) are derived from mainly three external customers which is attributable to construction, maintenance and rental income segments respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 SEGMENT INFORMATION (CONT'D)

Geographical Information

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

Group	2021			2020		
	Singapore \$	Australia \$	Total \$	Singapore \$	Australia \$	Total \$
Segment revenue	83,572,474	6,462,309	90,034,783	63,560,964	6,065,992	69,626,956
Segment non-current assets	83,242,950	43,565,889	126,808,839	49,596,733	44,417,236	94,013,969
Segment assets	158,675,572	44,458,102	203,133,674	152,139,056	44,940,173	197,079,229

35 COMMITMENTS

(i) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2021 \$	2020 \$
Property, plant and equipment	3,732,870	942,982
Investment property ^(a)	–	9,831,585
	<u>3,732,870</u>	<u>10,774,567</u>

(a) On 23 October 2020, the Group had exercised the option to purchase a property at 35 Kreta Ayer Road, Singapore 089000 at the price of \$11,300,000. The transaction has been completed on 15 January 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 COMMITMENTS (CONT'D)

(ii) **Operating lease commitments – where the Group is a lessee**

The Group leases land and office equipment from non-related parties under non-cancellable operating lease agreements.

The future minimum lease payables for low-value and short-term leases under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2021	2020
	\$	\$
Not later than one year	154,540	38,433
Between one and five years	44,871	36,405
	199,411	74,838

(iii) **Operating lease commitments – where the Group is a lessor**

The Group has leased out their owned investment properties to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The leases have remaining non-cancellable lease terms of up to 2 years to 7 years.

Rental income from investment properties are disclosed in Note 11 to the financial statements.

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

	Group	
	2021	2020
	\$	\$
Not later than one year	4,479,975	3,127,413
Between one and five years	9,324,508	6,283,139
Total undiscounted lease payments	13,804,483	9,410,552

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36 CONTINGENT LIABILITIES

(i) *Corporate guarantees*

The Company has issued corporate guarantees to banks and financing institutions to secure the subsidiary corporations' and an associated company's certain lease arrangement and bank loans.

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.

37 ASSETS CLASSIFIED AS HELD FOR SALE

On 20 November 2019, the Company's wholly-owned subsidiary corporation OKP Land Pte Ltd ("OKPL") entered into a settlement agreement with its associated company, CS Amber Development Pte Ltd ("CS Amber") and CS Land Pte Ltd ("CS Land"), pursuant to which CS Amber shall cancel the 111,111 ordinary shares of CS Amber, constituting approximately 10% of the total issued and paid-up share capital of CS Amber, held by OKPL on or before 6 weeks from the date of agreement.

As at 31 December 2019, the investment in CS Amber and non-current other receivables from CS Amber that have been reclassified to assets classified as held for sale are as follows:

	Group 2019 \$
Investment in associated company	933,416
Non-current other receivables	10,247,074
Less: Allowance for impairment	(1,408,000)
	8,839,074
	<u>9,410,552</u>

On 2 January 2020, the disposal of CS Amber had been completed and the Group received \$11,000,000 from CS Amber in full settlement of the above balance. Consequently, the Group recognised a reversal of previously recognised allowance for impairment of \$1,227,510 during the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3: Reference to the Conceptual Framework
- Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to SFRS(I) 9: Financial Instruments
- Amendments to SFRS(I) 1: First-time Adoption of Singapore Financial Reporting Standards (International)
- Amendments to Illustrative Examples Accompanying SFRS(I) 16: Leases
- Amendment to SFRS(I) 1-41: Agriculture

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 17: Insurance Contracts
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

LETTER TO SHAREHOLDERS



OKP HOLDINGS LIMITED

胡金標控股有限公司

(Incorporated in the Republic of Singapore)
(Company Registration No. 200201165G)

Board of Directors:-

Mr Or Kim Peow (Group Chairman)
Mr Or Toh Wat (Group Managing Director)
Mdm Ang Beng Tin (Executive Director)
Mr Or Kiam Meng (Executive Director)
Mr Oh Enc Nam (Executive Director)
Mr Or Lay Huat Daniel (Executive Director)
Dr Chen Seow Phun, John (Lead Independent Director)
Mr Nirumalan s/o V Kanapathi Pillai (Independent Director)
Mr Tan Boen Eng (Independent Director)

Registered Office:-

30 Tagore Lane
Singapore 787484

1 April 2022

To: The Shareholders of OKP Holdings Limited ("**Shareholders**")

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 1 April 2022 in respect of the annual general meeting ("**2022 AGM**") to be held by electronic means on Monday, 25 April 2022 at 11.00 am and Resolution 10 set out under "Special Business" in the Notice of the said AGM.

1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 20 April 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held in subsequent years, with the last renewal on 26 April 2021. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Twentieth AGM (2022 AGM) to be held on 25 April 2022.

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.

The Company has appointed Vincent Lim & Associates LLC as the legal adviser to the Company in relation to the proposed 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.

LETTER TO SHAREHOLDERS (CONT'D)

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 2022 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 2022 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 1967 (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 2022 (the "**Latest Practicable Date**"), the Company had 306,961,494 issued Shares (excluding treasury shares) and no subsidiary holdings, and thus up to 30,696,149 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2022 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

LETTER TO SHAREHOLDERS (CONT'D)

- (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 during such five-market day period and the day on which the Market Purchase is made;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities.

LETTER TO SHAREHOLDERS (CONT'D)

4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(b) Voting and other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and/or to receive any dividends or other distribution in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:-

- (i) selling the treasury shares for cash;
- (ii) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancelling the treasury shares; or
- (v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

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.

LETTER TO SHAREHOLDERS (CONT'D)

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 30,696,149 Shares, representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on 31 December 2021;
- (ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of \$0.201 for each Share (being 105% of the Average Closing Price as at 31 December 2021) or via Off-Market Purchases at the Maximum Price of \$0.234 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2021);
- (iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to \$6,169,926 for Market Purchases or \$7,182,899 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 2021 ("FY2021"), are set out below.

LETTER TO SHAREHOLDERS (CONT'D)

6. FINANCIAL EFFECTS (CONT'D)

Scenario 1*Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares*

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2021	\$'000	\$'000	\$'000	\$'000
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,442	3,442	–	–
Retained profits	81,670	81,670	11,714	11,714
	121,944	121,944	48,546	48,546
Non-controlling interests	3,563	3,563	–	–
	125,507	125,507	48,546	48,546
Treasury shares	(235)	(6,405)	(235)	(6,405)
Shareholders' funds	125,272	119,102	48,311	42,141
Current assets	76,325	70,155	23,062	19,550
Current liabilities	37,321	37,321	7,051	7,051
Cash and cash equivalents	51,031	44,861	3,512	–
Working capital	39,004	32,834	16,011	12,499
Total borrowings ⁽¹⁾	40,423	40,423	4,050	4,050
Net tangible assets ⁽²⁾	123,547	117,377	48,299	42,129
Net profit after tax attributable to shareholders of the Company	1,515	1,515	3,533	3,533
Number of Shares ('000)	306,961	276,265	306,961	276,265
Weighted average number of Shares ('000)	306,961	276,265	306,961	276,265
Financial Ratios				
Net tangible assets per Share (cents)	40.25	42.49	15.73	15.25
Earnings per Share ⁽³⁾ (cents)	0.49	0.55	1.15	1.28
Gearing ratio ⁽⁴⁾ (times)	0.32	0.34	0.08	0.10
Current ratio ⁽⁵⁾ (times)	2.05	1.88	3.27	2.77

Notes:-

- (1) Total borrowings relate to finance leases and bank borrowings.
- (2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.
- (3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the weighted average number of shares.
- (4) Gearing ratio equals total borrowings divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

LETTER TO SHAREHOLDERS (CONT'D)**Scenario 2***Off-Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares*

As at 31 December 2021	Group		Company	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
Share capital	36,832	36,832	36,832	36,832
Other reserves	3,442	3,442	–	–
Retained profits	81,670	81,670	11,714	11,714
	121,944	121,944	48,546	48,546
Non-controlling interests	3,563	3,563	–	–
	125,507	125,507	48,546	48,546
Treasury shares	(235)	(7,418)	(235)	(7,418)
Shareholders' funds	125,272	118,089	48,311	41,128
Current assets	76,325	69,142	23,062	19,550
Current liabilities	37,321	37,321	7,051	7,051
Cash and cash equivalents	51,031	43,848	3,512	–
Working capital	39,004	31,821	16,011	12,499
Total borrowings ⁽¹⁾	40,423	40,423	4,050	4,050
Net tangible assets ⁽²⁾	123,547	116,364	48,299	41,116
Net profit after tax attributable to shareholders of the Company	1,515	1,515	3,533	3,533
Number of Shares ('000)	306,961	276,265	306,961	276,265
Weighted average number of Shares ('000)	306,961	276,265	306,961	276,265
Financial Ratios				
Net tangible assets per Share (cents)	40.25	42.12	15.73	14.88
Earnings per Share ⁽³⁾ (cents)	0.49	0.55	1.15	1.28
Gearing ratio ⁽⁴⁾ (times)	0.32	0.34	0.08	0.10
Current ratio ⁽⁵⁾ (times)	2.05	1.85	3.27	2.77

Notes:-

- (1) Total borrowings relate to finance leases and bank borrowings.
- (2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.
- (3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the weighted average number of shares.
- (4) Gearing ratio equals total borrowings divided by shareholders' funds.
- (5) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2021 numbers and is not necessarily representative of the Company's or the Group's future financial performance.

LETTER TO SHAREHOLDERS (CONT'D)

7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant financial statements.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer (or, in the case of the Company, the Group Managing Director), substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 89,207,084 issued Shares in the hands of the public (as defined above), representing 29.06% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 58,510,935 Shares, representing 21.18% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 1,469,100 treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:-

- (i) affecting adversely the listing status of the Shares on the SGX-ST;
- (ii) causing market illiquidity; or
- (iii) affecting adversely the orderly trading of Shares.

LETTER TO SHAREHOLDERS (CONT'D)

9. TAX IMPLICATIONS

(a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act 1947 (the “**Income Tax Act**”), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

(b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (“**TOC Appendix 2**”) of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

- (i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (ii) if they together hold between 30% and 50% of the Company’s voting rights, their voting rights increase by more than 1% in any period of six months.

LETTER TO SHAREHOLDERS (CONT'D)

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Or Kim Peow Investments Pte Ltd, the controlling Shareholder of the Company, together with persons acting concert with it, comprising Or Kim Peow, Or Toh Wat, Ang Beng Tin, Or Kiam Meng, Oh Enc Nam and Or Lay Huat Daniel, who are Directors of the Company, and their close relatives, collectively held 56.89% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "Registrar").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS (CONT'D)**13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Or Kim Peow ⁽²⁾	757,000	0.25	168,566,910	54.91
Or Toh Wat	322,000	0.10	–	–
Ang Beng Tin	323,500	0.11	–	–
Or Kiam Meng	322,000	0.10	–	–
Oh Enc Nam	133,000	0.04	–	–
Or Lay Huat Daniel	322,000	0.10	–	–
Chen Seow Phun, John ⁽³⁾	–	–	38,000	0.01
Substantial Shareholders (other than Directors)				
Or Kim Peow Investments Pte Ltd	168,566,910	54.91	–	–
CS International (S) Pte. Ltd. ⁽⁴⁾	43,125,000	14.05	–	–

Notes:

- (1) As a percentage of the total number of 306,961,494 issued Shares (excluding 1,469,100 treasury shares).
- (2) Mr Or Kim Peow is deemed to have an interest in the 168,566,910 Shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act.
- (3) Dr Chen Seow Phun, John is deemed to have an interest in the 38,000 Shares held by his wife, Mdm Lim Kok Huang, by virtue of Section 164(15) of the Companies Act.
- (4) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the Shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act.

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2022 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

LETTER TO SHAREHOLDERS (CONT'D)

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 30 Tagore Lane Singapore 787484 during normal business hours from the date of this Letter up to the date of the 2022 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2021; 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 2022

Issued and paid-up capital	:	\$36,832,301
Number of issued shares	:	308,430,594
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 1,469,100 treasury shares and there are no subsidiary holdings. The treasury shares constitute 0.48% of the total number of issued shares of the Company.

DISTRIBUTION OF SHAREHOLDINGS

(As at 7 March 2022)

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	309	11.80	3,093	0.00
100 – 1,000	94	3.59	62,260	0.02
1,001 – 10,000	911	34.80	5,418,062	1.76
10,001 – 1,000,000	1,293	49.39	67,180,637	21.89
1,000,001 and above	11	0.42	234,297,442	76.33
Total	2,618	100.00	306,961,494	100.00

The above shareholdings do not include 1,469,100 treasury shares held by the Company.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 7 March 2022)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte. Ltd.	168,566,910	54.91	–	–
CS International (S) Pte. Ltd. ⁽¹⁾	43,125,000	14.05	–	–
Or Kim Peow ⁽²⁾	757,000	0.25	168,566,910	54.91

Notes:

(1) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

(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 1967.

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 7 MARCH 2022

TWENTY LARGEST SHAREHOLDERS

(As at 7 March 2022)

No	Name	No of Shares	%
1	Or Kim Peow Investments Pte Ltd	168,566,910	54.91
2	CS International (S) Pte. Ltd.	43,125,000	14.05
3	DBS Nominees (Private) Limited	6,291,564	2.05
4	HSBC (Singapore) Nominees Pte Ltd	4,833,100	1.57
5	Raffles Nominees (Pte.) Limited	2,391,900	0.78
6	Oh Kim Poy	1,909,500	0.62
7	OCBC Nominees Singapore Private Limited	1,717,518	0.56
8	Lim Bee Kim	1,661,500	0.54
9	United Overseas Bank Nominees (Private) Limited	1,657,400	0.54
10	Citibank Nominees Singapore Pte Ltd	1,080,500	0.35
11	Or Lay Tin	1,062,550	0.35
12	Chan Chee Meng	858,600	0.28
13	Chua Kim Tiong	757,500	0.25
14	Or Kim Peow	757,000	0.25
15	Seng Hong Noi	715,900	0.23
16	Phillip Securities Pte Ltd	652,016	0.21
17	ABN AMRO Clearing Bank N.V.	636,200	0.21
18	Quek Kok Kwang (Guo GuoGuang)	596,000	0.19
19	Or Lay Wah Elaine	593,950	0.19
20	Thomwin	588,400	0.19
	Total	240,453,008	78.32

RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

Based on the information provided to the Company as at 7 March 2022, there were approximately 89,207,084 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.06% of the total number of issued shares (excluding treasury shares) of the Company. Accordingly, Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting (the “**AGM**”) of OKP HOLDINGS LIMITED (the “**Company**”) will be held by electronic means on Monday, 25 April 2022 at 11.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2021 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 (2020: \$0.007) per ordinary share for the financial year ended 31 December 2021.

Resolution 3

3. To re-elect Mr Oh Enc Nam who is retiring by rotation pursuant to Regulation 107 of the Company’s Constitution (the “**Constitution**”) and who, being eligible, offers himself for re-election as a Director.
[see Explanatory Note (i)]

Resolution 4

4. To re-elect Mr Or Lay Huat Daniel who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.
[see Explanatory Note (i)]

Resolution 5

5. To re-elect Mr Tan Boen Eng who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.
[see Explanatory Note (i)]

*Mr Tan Boen Eng will, upon re-election as a Director, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”).*

Resolution 6

6. To approve the payment of Directors’ fees of \$180,000 (2020: \$180,000) for the financial year ended 31 December 2021.

Resolution 7

7. To re-appoint Nexia TS Public Accounting Corporation as the Company’s Independent Auditor and to authorise the Directors to fix their remuneration.
8. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution: -

“Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act 1967 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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:-
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (ii) any subsequent bonus issue, consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (ii)]

Resolution 9

10. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-

"Authority to allot and issue shares pursuant to the OKP Performance Share Scheme

That the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the OKP Performance Share Scheme (the "**Scheme**") and to deliver from time to time such number of fully-paid shares, by transferring existing shares held as treasury shares and/or allotting and issuing new shares, as may be required to be delivered pursuant to the vesting of the awards under the Scheme, provided that the aggregate number of shares delivered under the Scheme, when added to the number of shares delivered and/or to be delivered in respect of all awards granted under the Scheme and all other shares delivered and/or to be delivered under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."

[see Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Resolution 10

11. 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 1967 (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,

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

where:

"Average Closing Price" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day on which the Market Purchase is made;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities; and

- (d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[see Explanatory Note (iv)]

BY ORDER OF THE BOARD

VINCENT LIM
Company Secretary
Singapore
1 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:-

- (i) Detailed information on Mr Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng who are proposed to be re-elected as Directors of the Company can be found under the sections, "Our Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election", of the Company's Annual Report.
- (ii) 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 or share options or vesting of share awards which were issued and 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 (b) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.
- (iii) Ordinary Resolution 9, if passed, will empower the Directors to grant awards under the OKP Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the aggregate number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (iv) Ordinary Resolution 10, 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:-

General

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report 2021 will not be sent to members but will be made available to members upon request. The Annual Report 2021 will be published on the SGX website at www.sgx.com and on the Company's website at www.okph.com.
2. Alternative arrangements relating to participation in the AGM proceedings via electronic means, submission of questions in advance of the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out below.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Participation in the AGM proceedings

3. Members who wish to observe and/or listen to the AGM proceedings must pre-register at <https://okpagem.listedcompany.com/agm-2022> by **11.00 a.m. on 22 April 2022** to enable the Company to verify their status. Pre-registrations received after the deadline will not be processed.
4. Following the verification, authenticated members will receive an email by 11.00 a.m. on 24 April 2022. The email will contain instructions on how to access the live audio-visual webcast and the live audio-only stream of the AGM proceedings. Members who have registered by the deadline on 22 April 2022, but do not receive an email by 11.00 a.m. on 24 April 2022, should contact the Company via email at agm2022@okph.com and provide their full name and identification/registration number.
5. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) (other than those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to observe and/or listen to the AGM proceedings or submit questions in advance of the AGM, should contact their respective relevant intermediaries as soon as possible in order to make the necessary arrangements for them to do so.

Submission of questions in advance

6. Members will not be able to ask questions during the AGM proceedings. Members can submit questions relating to the resolutions to be tabled for approval at the AGM, so that they are received no later than **11.00 a.m. on 12 April 2022**, in the following manner:
 - (a) via the pre-registration website at <https://okpagem.listedcompany.com/agm-2022>;
 - (b) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
 - (c) by electronic mail to agm2022@okph.com.

If the questions are submitted by post or electronic mail, the member's full name and identification/registration number must be included for verification purposes, failing which the submission will be treated as invalid.

7. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM by 19 April 2022. The Company will publish the response to the questions on SGXNet and the Company's website.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Voting by proxy

8. Members (whether individual or corporate) who wish to exercise their voting rights at the AGM must appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM. The proxy form for the AGM is available on the SGX website at www.sgx.com and on the Company's website at www.okph.com.
9. Where members appoint the Chairman of the Meeting as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
10. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **14 April 2022**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 22 April 2022**.
11. The Chairman of the Meeting, as proxy, need not be a member of the Company.
12. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must complete and sign the proxy form, before submitting it:
 - (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
 - (b) by electronic mail to agm2022@okph.com,

in either case, to be received not later than **11.00 a.m. on 22 April 2022**, failing which the proxy form will be treated as invalid.

PERSONAL DATA PRIVACY:-

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 25 April 2022 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST relating to the Retiring Directors is set out below:

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
Date of Appointment	20 March 2002	1 August 2006	25 June 2002
Date of last re-appointment	29 April 2019	29 April 2019	29 April 2019
Age	66	44	89
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee (“NC”) and the qualifications, work experience and competencies of Mr Oh Enc Nam, is of the view that Mr Oh is suitable for re-appointment as Executive Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Or Lay Huat Daniel, is of the view that Mr Or is suitable for re-appointment as Executive Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Tan Boen Eng, is of the view that Mr Tan is suitable for re-appointment as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the day-to-day management and overall operations of Eng Lam Contractors Co (Pte) Ltd, one of the Group’s principal subsidiary corporations.	Executive Responsible for business development and corporate communications of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Executive Director	Independent Director, Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.
Professional qualifications	–	Bachelor of Commerce in Corporate Finance, University of Western Australia	Bachelor of Arts in Economics (Honours), University of Malaya Fellow of the Institute of Singapore Chartered Accountants and CPA Australia
Working experience and occupation(s) during the past 10 years	March 2002 to present: Executive Director of OKP Holdings Limited	April 2006 to present: Executive Director of OKP Holdings Limited	Mr Tan Boen Eng has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and non-listed companies from various industries, including business consultancy, training and management consultancy.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
			Mr Tan was the President of the Institute of Certified Public Accountants of Singapore from 1995 to April 2009. He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and is currently a Board Member of Singapore Institute of Accredited Tax Professionals. He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore, Director of Singapore Pools Pte Ltd and Board Member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a member of the Singapore Sports Council.
Shareholding interest in the listed issuer and its subsidiaries	133,000 shares of the Company	322,000 shares of the Company	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nephew of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow	Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director) and Mr Or Kiam Meng (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) is the nephew of Mr Or Kim Peow	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

**ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION (CONT'D)**

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
Other Principal Commitments Including Directorships Past (for the last 5 years)	-	CS Amber Development Pte. Ltd. CS-OKP Construction and Development Pte. Ltd. (struck off) Forte Builder Pte. Ltd. (struck off)	SAA Global Education Centre Pte. Ltd. (in liquidation) Singapore Chartered Tax Professionals Limited
Present	Eng Lam Contractors Co (Pte) Ltd OKP Investments (Singapore) Pte. Ltd. OKP Technical Management Pte. Ltd. OKP Transport & Trading Pte. Ltd.	Chong Kuo Development Pte. Ltd. OKP Investments (Singapore) Pte. Ltd. OKP Land Pte. Ltd. OKP (Oil & Gas) Infrastructure Pte. Ltd. Lakehomes Pte. Ltd. OKP Technical Management Pte. Ltd. OKP Transport & Trading Pte. Ltd. Or Kim Peow Contractors (Private) Limited Or Kim Peow Investments Pte. Ltd. United Pavement Specialists Pte. Ltd. Raffles Prestige Capital Pte. Ltd.	-
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

**ADDITIONAL INFORMATION ON
DIRECTORS SEEKING RE-ELECTION (CONT'D)**

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

	Mr Oh Enc Nam	Mr Or Lay Huat Daniel	Mr Tan Boen Eng
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

NOTES

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report 2021 will not be sent to members but will be made available to members upon request. The Annual Report 2021 will be published on the SGX website at www.sgx.com and on the Company's website at www.okph.com.
2. Due to the current COVID-19 situation, a member will not be allowed to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **14 April 2022**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 22 April 2022**.

OKP HOLDINGS LIMITED

(Company Registration No. 200201165G)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING
PROXY FORM**

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)

of _____ (Address)

being a member/members of OKP HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held by electronic means on Monday, 25 April 2022 at 11.00 a.m., and at any adjournment thereof. I/We direct the Chairman of the Meeting to vote for or against the resolutions to be proposed at the AGM or to abstain from voting, as indicated hereunder.

No.	Resolutions relating to:	For	Against	Abstain
1.	Audited financial statements for financial year ended 31 December 2021			
2.	Payment of final dividend			
3.	Re-election of Mr Oh Enc Nam as a Director			
4.	Re-election of Mr Or Lay Huat Daniel as a Director			
5.	Re-election of Mr Tan Boen Eng as a Director			
6.	Approval of Directors' fees of \$180,000			
7.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor			
8.	Authority to allot and issue shares			
9.	Authority to allot and issue shares pursuant to the OKP Performance Share Scheme			
10.	Share purchase mandate			

(Please indicate with a cross [X] in the space provided whether you wish to cast all your votes for or against or to abstain from voting on the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution and/or to abstain from voting on the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _____ day of _____ 2022

Total number of shares held: _____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. Due to the current COVID-19 situation, a member will not be allowed to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) (including those who hold shares under the Central Provident Fund Investment Scheme and/or the Supplementary Retirement Scheme) and who wish to appoint the Chairman of the Meeting as proxy to vote must approach their respective relevant intermediaries (including CPF Agent Banks or SRS Operators) to submit their voting instructions by **14 April 2022**, to enable their respective relevant intermediaries to submit proxy forms on their behalf so that they are received not later than **11.00 a.m. on 22 April 2022**.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. A member who wishes to submit an instrument of proxy appointing the Chairman of the Meeting as proxy must complete and sign this proxy form, before submitting it:
 - (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or
 - (b) by electronic mail to agm2022@okph.com,

in either case, to be received not later than **11.00 a.m. on 22 April 2022**.

5. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
6. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
7. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 1 April 2022.



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OKP HOLDINGS LIMITED
胡金標控股有限公司

GROWING WITH PURPOSE
REALISING OUR VISION

Annual Report 2021