

WE BRING PEOPLE TOGETHER



Since early times, roads have played a major role in bringing people together. From spreading of the world's cultures, to the interactions of civilisations and societies for commerce, or simply for the sheer excitement of travel and adventure.

We have brought together people of various backgrounds and skills to build roads that bring others together. Through our Initial Public Offer in 2002, we have brought together another group of people, the shareholders. People who share our aspirations to bring the Group closer to fulfilling its vision.

OUR VISION

To be the leading **Transport Infrastructure Builder** and **Civil Engineering Company** in Singapore, and to be the premier provider of **Technical Management Services** in the region and beyond.

OUR GUIDING PRINCIPLES

To our **clients**, we are committed to providing them with a superior finished product that meets their time schedule, exceeds their requirements in quality and reliability and is within their budget.

To our **suppliers**, we are committed to developing and strengthening relationships with them, such that they are recognised as valued contributors to our business, and we as their preferred customer.

To our **employees**, we are committed to providing them with a working environment that provides them the tools for safe working conditions, training and advancement in their fields and rewards their productivity.

To our **shareholders**, we are committed to maximising their return on investment while maintaining excellence in product.



*Construction of
2nd South Cross Taxiway
and Associated Works,
Singapore Changi Airport*

*Extension and Widening of
Upper Serangoon Road from
Hougang Avenue 5 to
Sengkang New Town and
New Arterial Road from
Punggol Road to
Upper Serangoon Road Extension*



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Chairman's Statement



Dear Shareholders,

Year 2002 was one of the most noteworthy year since our humble beginnings in 1966 as it marked our transition from a private company to a public company. We were listed on the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System (“SGX-SESDAQ”) on 26 July 2002.

As a public company, we welcome many new shareholders. Our fiduciary responsibility has now extended beyond the founding family and includes open communication and sound corporate governance. We have developed a corporate structure that promotes safe, environmentally friendly and efficient business practices (ISO 14000 and OHSAS 18000 certifications were achieved during FY2002) and we will continue to focus our efforts on consistently building shareholders’ value.

Despite our public listing status, OKP Holdings Limited and its subsidiary companies (“OKP”) retains its family business atmosphere. Business is all about people, and it remains our policy to treat everyone in the company as a part of our OKP family, including our new shareholders. Our people trust management to choose the proper course and we trust them to deliver quality work. OKP has experienced relatively low staff turnover and good morale.

OKP was profitable during FY2002, as we have been for the past 36 years. This is, I believe, due to our ability to remain focused on what we do best—maintaining and improving safe traffic flow on Singapore’s roadways—and staying in close contact with our customers to understand and anticipate their changing needs.

Business Performance

During FY2002, the OKP business again proved somewhat resilient to poor general economic conditions in Singapore. Our revenue grew 1% to \$51.8 million. Net earnings to our shareholders fell by 43% from the previous year to \$2.2 million. Lower profitability was the result of higher cost of works during the early phases of several current projects and higher administrative costs.

Our balance sheet at year-end remained strong with nearly \$9.5 million in cash versus about \$3.8 million in total borrowings. During FY2002, our business generated over \$4.4 million in positive net cash flow from operating activities, which will allow us to pay a first and final dividend of \$668,000, or nearly one-half cent per post-IPO share. Most promising, we enter the new financial year with more than \$100 million in secured orders we expect to complete during FY2003 and thereafter.

OKP successfully bid for several important projects during FY2002, including the Construction of 2nd South Taxiway and Associated Works, Singapore Changi Airport (\$39.5 million) and the Design and Widen of Bukit Timah Expressway from Kranji Expressway to Seletar Expressway, which is a design and build project which involves specialised works such as strengthening of existing bridges (\$21.6 million).

Future Outlook

The overall outlook for the Singapore construction sector, according to statistics monitored by the Building and Construction Authority ("BCA") continues to be bleak, as it has been for several years. In fact, according to the BCA, total construction demand for FY2003 is likely to fall to \$12.0 billion, down another 15.2% from the estimated \$14.2 billion in projects last year.

OKP has successfully exploited a niche in the Singapore road construction and maintenance market that has allowed us to sustain our business during such depressed times for the general construction industry. Business is competitive, and competition can intensify during downturns, but I remain confident in OKP, our people and our niche focus.

Our business is not a passing trend. Singapore possesses one of Asia's most modern transportation infrastructures, and the maintenance and repair demands remain robust. There are an estimated 707,000 vehicles travelling Singapore roadways today, up a compounded annual rate of 2.4% since 1992. As more Singaporeans decide to purchase cars in coming years, they will demand smooth, safe, and well-maintained highways and roads with adequate capacity to minimise frustrating congestion.



Singapore will continue to make substantial investments in its transportation system, but OKP is also exploring much larger emerging markets in Asia. Countries like India and Cambodia are many years behind Singapore and may benefit from our experience and skills. OKP has initiated early business development discussions in these markets, which may offer exciting value creation for our shareholders in the future. Our approach to foreign projects will be prudent, initially limiting our exposure to small projects or those guaranteed by trusted entities like the World Bank or the Asia Development Bank and perhaps seeking out local partners who are willing to share risk and reward.

In conclusion, we have worked hard for our shareholders during FY2002. We are neither satisfied nor complacent, and our intention remains to build OKP into an even stronger niche business capable of regional expansion and ever-higher shareholders' returns.

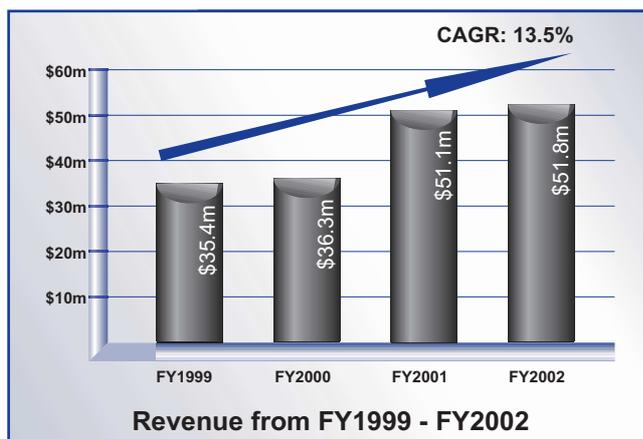
Acknowledgments

Preparation for our IPO, although eventually rewarding, was taxing and distracting. I wish to offer a special thanks to the OCBC Bank for their guidance as our lead manager throughout the IPO process, our many other consultants, and especially to our management team and all our diligent employees. I also want to thank our valued shareholders, who have shown us their continued faith and support.

OR KIM PEOW
Chairman

	Proforma FY2001 \$'000	Actual FY2002 \$'000
Operating Results		
Revenue - Road Construction	25,885	25,885
Revenue - Road Maintenance	25,194	25,933
Total Revenue	51,079	51,818
Operating Expenses		
EBITDA	6,874	5,239
Profit before interest and taxation		
- Road Construction	3,391	1,659
- Road Maintenance	2,168	1,797
Profit before taxation	5,239	3,235
Profit after taxation	3,926	2,223
Return on Assets (%)	21.49	11.83
Return on Equity (%)	56.69	22.80
Earnings per ordinary share (cents)	2.88	1.63
Financial Position		
Total assets	24,683	33,752
Total debts	4,423	3,763
Shareholders' equity	11,205	17,178
Debt to equity ratio (times)	0.39	0.22
Net Tangible Assets per share (cents)	8.19	11.19
Cashflows		
Net cash generated from operations	2,282	4,352
Number of ordinary shares issued	136,261	136,261
Net cash generated from operations per share (cents)	1.67	3.19

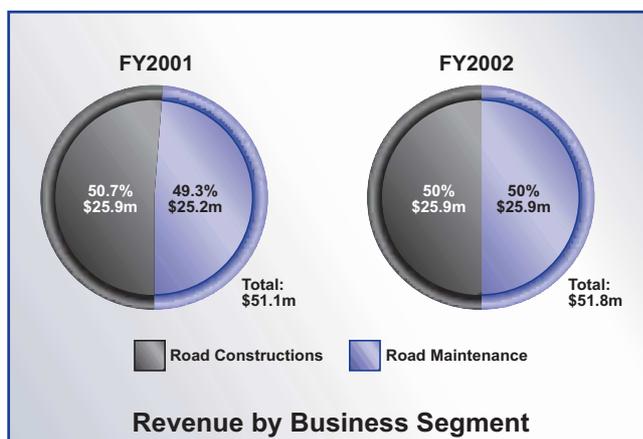
Financial Review



Revenue

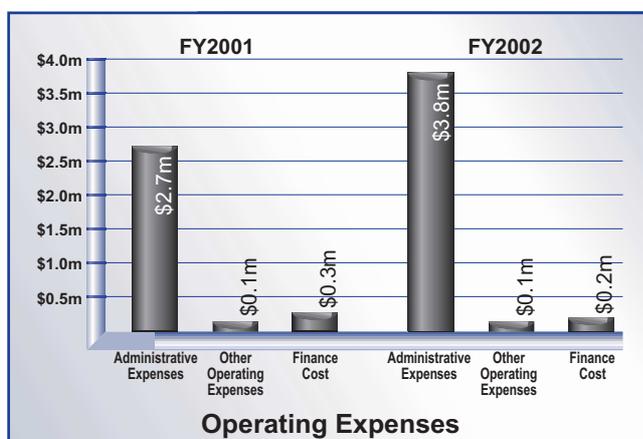
In FY2002, the Group achieved a commendable set of results. Revenue has increased 1.4% to \$51.8 million in FY2002, from \$51.1 million in FY2001, which translated into a compounded annual growth rate of 13.5% from FY1999 to FY2002.

The overall increase in revenue was mainly due to an increase in road maintenance activities owing to revenue of \$17.0 million recognised for new road maintenance projects. However, the contribution to overall sales from this segment was dampened by the lower percentage of revenue recognised from previously awarded and substantially completed projects.



In FY2002, the revenue from road construction activities remains unchanged from FY2001. This segment accounted for 50% of the Group's total revenue. The unchanged sales reflect the firm and steady demand for road construction activities.

The revenue for road maintenance activities, on the other hand, rose by 2.8% from \$25.2 million in FY2001 to \$25.9 million in FY2002. This activity also contributed 50% to the Group's total revenue. The increase is due to new projects that contributed, in aggregate \$17.0 million to the total revenue, notwithstanding the substantially completed projects that were already picked as revenue contribution previously.

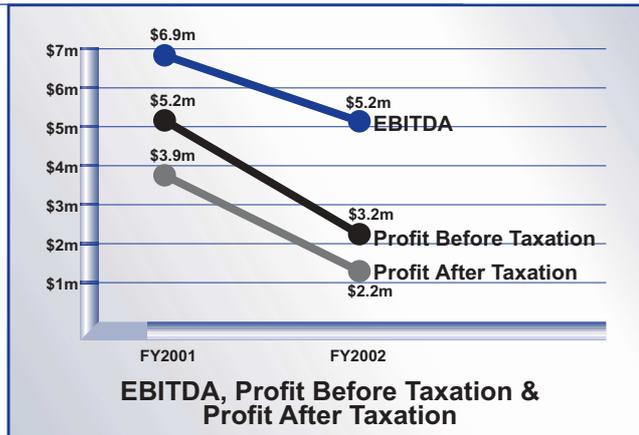


Operating Expenses

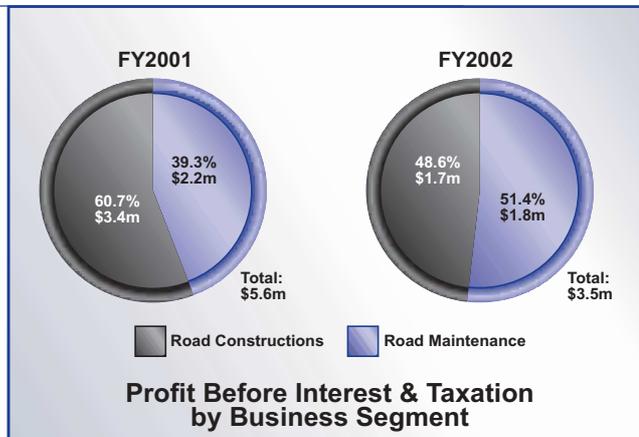
Administrative expenses rose by 37.8% to \$3.8 million mainly due to the amortisation of goodwill and higher staff costs and directors' remuneration. On the other hand, finance costs decreased by \$0.1 million from \$0.3 million for FY2001 to \$0.2 million for FY2002. This was mainly due to a reduction in bank overdraft interest with the full repayment of bank overdraft.

Profitability

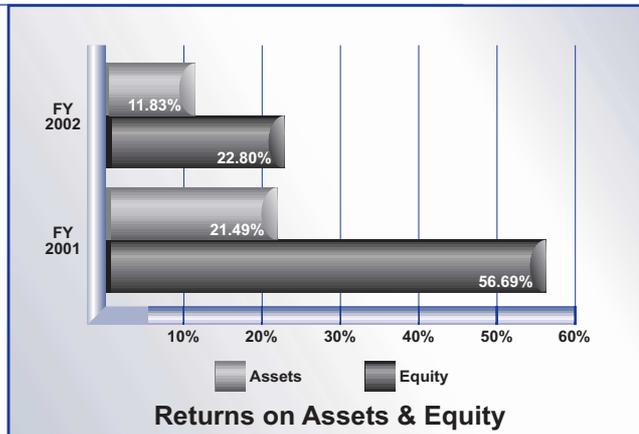
The Group's Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") declined 23.8% to \$5.2 million, profit before taxation dropped by 38.3% to \$3.2 million while profit after taxation decreased by 43.49% to \$2.2 million in FY2002. This decline was attributed mainly to a lower aggregate profit margin achieved for major projects undertaken in FY2002, decrease in other income and increase in administrative expenses.



Both segments that the Group engaged in saw a decrease in gross profit contribution. The increase in labour and sub-contracting costs for newly awarded road construction projects and the labour intensive nature of road maintenance work caused the decline in their respective contributions to profitability. However, the increase in the cost of works was partially offset by a decrease in construction material costs, falling from 45.8% of revenue for FY2001 to 36.1% for FY2002.



The Group achieved a return on equity of 22.80% and a return on assets of 11.83% in FY2002, compared with 56.69% and 21.49% respectively in FY2001. This drop was due mainly to lower earnings.

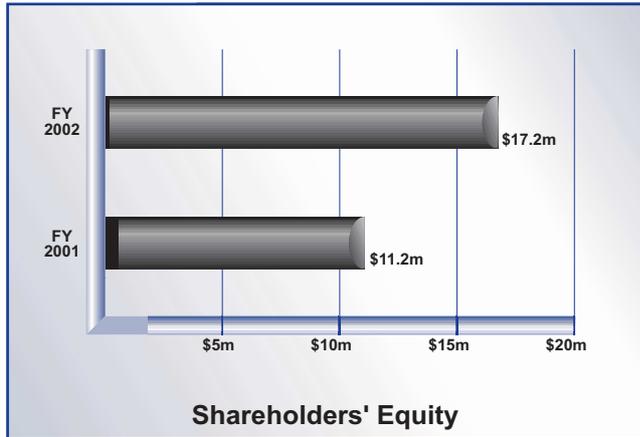


The drop in returns of the Group is due mainly to lower earnings per share.

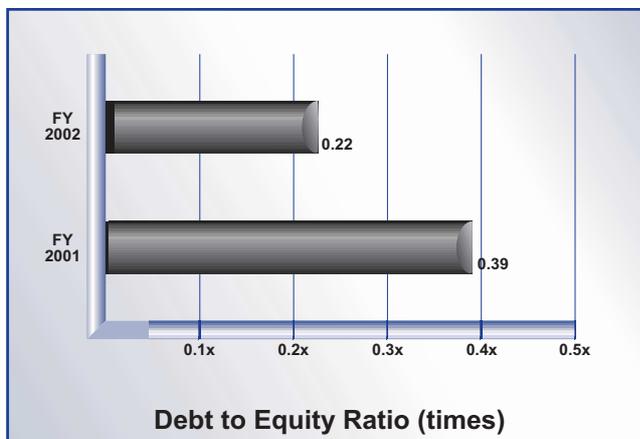


Financial Review
(Continued)

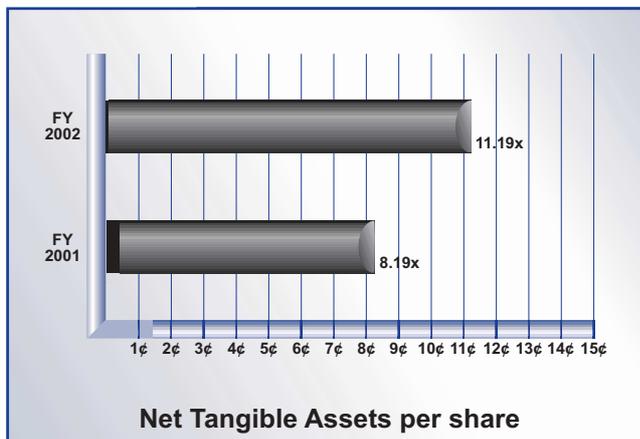
Financial Position



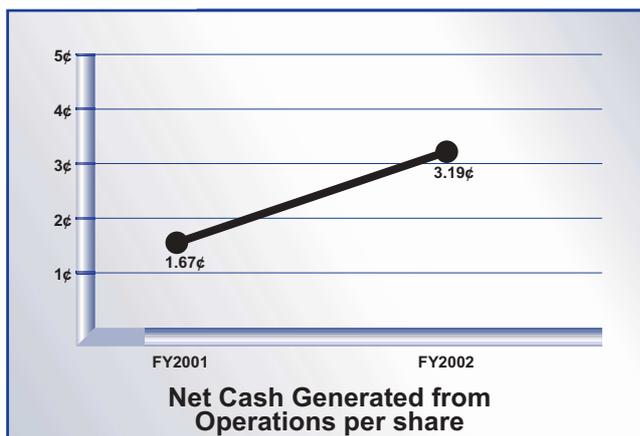
Shareholders' equity rose by \$6.0 million from \$11.2 million in FY2001 to \$17.2 million in FY2002, due to the issuance of 22 million new ordinary shares from its IPO and profits generated from operations.



Our Group believes in maintaining its debt equity ratio at low levels. Debt to equity ratio decreased from 0.39 to 0.22 times due mainly to repayment of hire purchase and bank borrowing.



The Group's NTA backing per share had increased from 8.19 cents to 11.19 cents per share due mainly to the proceeds from IPO.



The double increase in net cash generated from operations per share was due mainly to the inflows from IPO proceeds and better working capital management.

More Competitive Operating Environment

The lackluster economic conditions resulted in fewer Singapore Government road construction and maintenance projects. Competition was thus keener for any new project.

Though competition is stiffer with new competitors, we were fortunate to have a broad base of clients. Our clients include the Land Transport Authority (“LTA”), Civil Aviation Authority of Singapore (“CAAS”), Public Utilities Board (“PUB”) and Jurong Town Corporation (“JTC”).

In addition, the annual rise in the number of cars on the roads will mean that there will be an ongoing demand for new highways and maintenance of existing ones.

Healthy Order Book

Turnover grew by 1.4% to \$51.8 million in FY2002 from the previous year’s \$51.1 million. Despite the increasingly competitive environment, we have kept a robust order book worth a total of \$141 million with six on-going projects which are expected to contribute to the Group’s earnings until FY2004.

Paving the Concrete Jungle

Road construction activities accounted for half of the Group’s revenue at \$25 million in FY2002, equalling its revenue contribution in terms of absolute amount and percentage in FY2001.

Road Construction Projects

Road Construction Projects Awarded in FY2002

Duration of Project	Jun 2002	Dec 2002	Jun 2003	Dec 2003	Jun 2004	Dec 2004	Jun 2005
Name of Project							
Installation of WeldMesh Fencing in Tengah Air Base (March 2002 – March 2003)		\$4,228,000					
Construction of Two Pedestrian Overhead Bridges at Sengkang East Road in Sengkang Town (Batch 5) (October 2002 – June 2003)			\$897,000				
The Construction of 2nd South Cross Taxiway and Associated Works, Singapore Changi Airport (July 2002 – October 2004)					\$39,527,000		
Design and Widen Bukit Timah Expressway from Kranji Expressway to Seletar Expressway (November 2002 – May 2005)						\$21,570,000	

The four projects totalled approximately \$66 million with the longest expected to contribute to Group’s revenue right up to FY2005.

The construction of two pedestrian overhead bridges at Sengkang East Road commenced in October 2002. This project included the construction of two pre-stressed concrete overhead pedestrian bridges, removal and reconstruction of new bus shelters, bus bays and lay-bys, installation of outdoor lights and planting of scrubs and landscaping work.

One major road construction project that we undertook was at Singapore Changi Airport. Valued at \$39 million and spread over 28 months, the project involved the construction of aircraft taxiway, drainage, reinforced concrete box culvert, electrical works and retaining walls.

We also successfully secured the “design and widen” contract for Bukit Timah Expressway linking the Kranji and Seletar Expressways. This project will take us from the design, submission and approval phases, right up to the construction and widening of the flyover structure across Mandai, Jalan Kwok Min and Lorong Asrama. However, revenue from this project commences only in FY2003.

Upgrading of Eu Tong Sen Canal



Completed Road Construction Projects in FY2002

In April 2002, we completed the upgrading of the existing Eu Tong Sen Canal near Chinatown which was worth \$13.3 million. It involved the demolition and widening of the canal, which was near the new North-East Mass Rapid Transit (“MRT”) tunnel.

We secured this deal through an innovative design and construction method, though we did not offer the lowest tender price.

Owing to the tidal flow from the Singapore River, we designed and installed automatic tide gates that open when water level in the canal reaches a pre-determined level. This was necessary to keep the construction area dry for ease of operation.

Resurfacing of Main Roads



Road Maintenance

Road Maintenance Projects Awarded in FY2002

Duration of Project	Jun 2002	Dec 2002	Jun 2003	Dec 2003	Jun 2004	Dec 2004
Name of Project						
Planned Maintenance of Roads in East Sector for a Period of One Year (August 2002 - August 2003)		\$13,127,000				
Improvement to Old Roadside Drains in Rosyth and Hillside Estate (July 2002 - June 2004)				\$7,627,000		
Improvement to Old Roadside Drains in Kembangan Estate (August 2002 - July 2004)				\$5,537,000		
Improvement to Old Roadside Drains (Contract 25) (April 2002 - October 2004)					\$4,597,000	

Road maintenance revenue increased marginally by 2.9% from \$25.2 million to \$25.9 million in FY2002.

One major road maintenance project that we secured was the “Planned Maintenance of roads in the East Sector” worth \$13.1 million. This featured as one of four projects awarded under the LTA “Planned” and “Unplanned” road maintenance projects.

The contract involved the resurfacing of road pavements, repair of roads, upgrading of railing and vehicular guardrails, reconstruction of kerbs and footpaths, reconstruction of bus bays and shelters, repainting of road markings as well as installation of traffic signboards.

In addition to the LTA contracts, we won three roadside drains improvement projects from the PUB. They were namely “Improvement to Old Roadside Drains in Rosyth and Hillside Estate”, “Improvement to Old Roadside Drains in Kembangan Estate” and “Improvement to Old Roadside Drains - Contract 25” worth \$7.6 million, \$5.5 and \$4.6 million respectively. These projects are expected to be completed by FY2004. These projects involved the construction of covered drains, box culverts across roads, road kerbs and landscaping works.

Fire Safety Training for On-Site Workers



Investing In Our People

We institute regular training for our foreign workforce to maintain quality standards, enhance productivity and improve safety at the workplace. We have in place various training courses for our staff at all levels. Regular toolbox meetings on safety and health for foreign workers are regularly held to instill safety knowledge to them.

To minimise risk of exposure at a construction site, proper safety knowledge and management have been inculcated through safety and environmental control officers to site engineers and site supervisors. We also implement project management workshop using Primavera software. Training courses such as Hydraulic Excavator Operation, Pavement Slab and Kerb Construction and Steel Reinforcement works were implemented for them in mind.

All staff have to undergo “ISO 9000 Awareness” training to enhance their productivity and control knowledge.

*Reconstruction and Expansion
of Vehicular Bridge at AYE
Across Sungei Pandan*



Board of Directors



Mr Or Kim Peow, the **founder** of the Group, is the **Group Chairman**. He is responsible for overseeing the overall management and strategic development of the Group. He has more than 30 years of experience in the civil engineering business. Mr Or has contributed significantly to the growth of the Group over the past 30 years. Under his leadership, the BCA grading for OKPCPL (“Or Kim Peow Contractors (Private) Limited”) was upgraded from G4 in 1989 to G7 in 1996. He has been instrumental in steering our Group to its present stature. Mr Or is the Vice-Chairman of Gek Poh Community Club Management Committee.



Mr Or Toh Wat is the **Group Managing Director**. 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 has more than 11 years of experience in the construction industry since he joined OKPCPL in 1991. He has led OKPCPL in achieving ISO 9002 certification in 1996 and spearheads OKPCPL’s ISO 14000 and OHSAS 18000 steering committee. Mr Or graduated from Ngee Ann Polytechnic with a Diploma in Mechanical Engineering. Besides his active participation in the Group, Mr Or is also active in serving community organisations. Currently, Mr Or is the Chairman of Potong Pasir Community Club Management Committee and the Vice-Chairman of Jurong West Secondary School Advisory Committee.



Ms Ang Beng Tin is the **Group Administration and Human Resource Director**. She joined OKPCPL in 1979. Ms Ang is responsible for managing employee relations and benefit programmes as well as the maintenance of payroll and personnel records. She is also responsible for coordinating with insurance administrators to process insurance claims. Ms Ang holds GCE ‘O’ Levels qualifications.

Mr Or Kiam Meng is the **Operations Director** of **OKPCPL**. He is responsible for overseeing the operations of OKPCPL, including project planning for tenders, managing project costing and expense, and supervising the team of engineers. Mr Or personally conducts on-site inspections to ensure that quality standards are met and workers' safety regulations are complied with. Mr Or has more than 17 years of experience in the construction industry since he joined OKPCPL in 1985. He is a member of OKPCPL's ISO 14000 and OHSAS 18000 steering committee. Mr Or graduated from Singapore Polytechnic with a Diploma in Building and holds a Certificate in Occupational Safety & Health from Singapore Polytechnic. He is an active member of Central Community Development Council. He is also the Vice-Chairman of Anchorvale Community Centre Management Committee.



Mr Oh Enc Nam is the **Managing Director** of **Eng Lam Contractors Co (Pte) Ltd ("EL")**. He is responsible for overseeing the operations of EL, including project planning for tenders, managing project costing and expense, supervising the teams of engineers and liaising with governmental authorities. Mr Oh personally conducts on-site inspections to ensure that quality standards are met and that workers' safety regulations are complied with. Mr Oh has more than 24 years of experience in the construction industry since he joined OKPCPL in 1978. Under his leadership, EL received ISO 9002 certification in 1998. He spearheads EL's ISO 14000 and OHSAS 18000 steering committee.



Board of Directors

(Independent)



Dr Chen Seow Phun, John, was appointed as an **Independent Director** of our Company on 25 June 2002. He is an independent director of Thai Village Holdings Ltd (Chairman of the Audit Committee and member of both the Remuneration and Nominating Committee) and Hiap Seng Engineering Ltd (Chairman of both the Audit and Nominating Committee). He holds a PhD degree in Electrical Engineering from the University of Waterloo, Canada. Prior to 24 Nov 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. Since September 1988, he has been one of the elected Members of Parliament for Hong Kah Group Representation Constituency. Between 1991 and 1997, he was the Assistant Secretary General of the National Trades Union Congress ("NTUC"). He was also the Deputy Chairman and Managing Director of the NTUC Healthcare Cooperative Ltd from 1992 to 1997. Dr Chen has been a Board Member of the Economic Development Board ("EDB"), the Housing & Development Board ("HDB") and the Port of Singapore Authority ("PSA"). He is presently the Managing Director of JCL Business Development Pte Ltd, a business consultant and investment company.



Mr Loo Choon Chiaw was appointed as an **Independent Director** of our Company on 25 June 2002. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1981 and is currently the Managing Partner of Loo & Partners, a law firm in Singapore. He qualified as a Barrister-at-Law of Lincoln's Inn, London and obtained his Master of Laws from the University of London. He is a fellow of both the Chartered Institute of Arbitrators, London and the Center for International Legal Studies, Salzburg. He is an independent director of Spindex Industries Limited (Chairman of the Remuneration Committee and member of the Audit Committee), Ionics EMS, Inc (Chairman of the Audit Committee) and WPG International Limited (Chairman of the Remuneration, Nominating and Audit Committee). He is also a Councillor of the South East Community Development Council.



Mr Tan Boen Eng was appointed as an **Independent Director** of our Company on 25 June 2002. He holds a Degree of Bachelor of Arts with Honours in Economics from the University of Malaya. He joined IRAS in 1959 and retired as Senior Deputy Commissioner in 1992. Thereafter, he stayed on at the IRAS as a Senior Tax Director until 1994. Since 1995, he has practised as a Tax Consultant. He was the Chairman of the Securities Industry Council between 1994 and 1997 and has been the President of the Institute of Certified Public Accountants of Singapore since 1995. He is currently a Member of the Nanyang Business School Advisory Committee, Nanyang Technological University and also a Member of the Public Accountants Board. He was the recipient of a Silver Award in Public Administration. He is an independent director of AsiaMedic Limited (Chairman of the Nominating Committee, member of both the Remuneration and Audit Committee) and TEE International Limited (Chairman of the Nominating Committee, member of both the Audit and Remuneration Committee).

Ms Ong Wei Wei is the **Group Financial Controller**. She is responsible for the Group's finance, accounting, treasury and tax functions. Prior to joining the Group in September 2002, she was a corporate advisory manager with an accounting firm since 1995. Ms Ong is a non-practising member of the Institute of Certified Public Accountants of Singapore and a member of the Association of Chartered Certified Accountants (United Kingdom).

Mr Or Yew Whatt is the **Project Director** of EL. He is responsible for the supervision of projects, resolving on-site technical issues and keeping track of project cash flow. He is also involved in project tender process. He has more than 13 years of experience in the construction industry since joining EL in 1989. He assisted EL in achieving the ISO 9002 certification in 1998 and is a member of EL's ISO 14000 and OHSAS 18000 steering committee. Mr Or holds a Certificate in Pavement Construction and Maintenance from the Construction Industry Development Board (presently known as BCA).

Mr Oh Kim Poy is the **Operations Director** of EL. He is responsible for supervising project teams in the execution of road construction and maintenance projects, as well as monitoring the progress of the ongoing projects by ensuring quality workmanship and that the projects are completed on schedule. Mr Oh has more than 30 years of experience in the construction industry. He joined Or Kim Peow Contractor, after the sole-proprietorship was established in 1966, as a foreman, and was subsequently promoted to assume a supervisory role in the 1970s where he was responsible for the upkeep and deployment of construction equipment and motor vehicles used for the civil engineering activities. Mr Oh performed similar functions at OKPCPL upon its incorporation in 1977. In 1983, Mr Oh together with Mr Oh Enc Nam established Enc Nam Contractors & Company. In 1992, upon the incorporation of EL, Mr Oh was appointed a director of EL.

Mr Soh Thiam Soon is the **Group Business Development Manager**. He is responsible for identifying and developing new business opportunities for the Group. Prior to joining our Group in March 2002, he held the position of Vice President at G K Goh Futures (S) Pte Ltd from September 2000 to February 2002 where he was involved in sales and marketing in the derivatives market. From 1998 to 2000, he held the position of Vice President at HSBC Investment Bank PLC where he was also involved in sales and marketing in the derivatives market. From 1997 to 1998, Mr Soh was the sales and marketing executive at BBB International Pte Ltd, a distributor of special steel materials and an Assistant Vice President at Overseas Union Bank Limited Bullion and Futures Division from 1990 to 1997. He is a Committee Member of the Ayer Rajah Constituency Sports Club and an Executive Member of the Ayer Rajah Neighbourhood Committee. Mr Soh holds GCE 'O' Levels qualifications.

Mr Ang Peng Seong is the **Operations Manager** of OKPCPL. He is responsible for the management of resources, such as manpower, materials and equipment, for ongoing projects. He also assists in identifying alternative construction methods for new projects awarded to OKP. Prior to joining the Group in February 2002, Mr Ang was a Site Manager in Chew Eu Hock Construction Co. Private Limited from 1996 to 2001 and the Managing Director of Peng Seong Construction Co. (Pte) Ltd from 1978 to 1995. He has more than 21 years of experience in the construction industry. Mr Ang has received formal education up to Secondary 3 level.

Corporate Information

Board of Directors

Mr Or Kim Peow	Group Chairman
Mr Or Toh Wat	Group Managing Director
Ms Ang Beng Tin	Executive Director
Mr Or Kiam Meng	Executive Director
Mr Oh Enc Nam	Executive Director
Dr Chen Seow Phun, John	Independent, Non-executive Director
Mr Loo Choon Chiaw	Independent, Non-executive Director
Mr Tan Boen Eng	Independent, Non-executive Director

Company Secretaries

Wee Woon Hong	LLB (Hons)
April Glenys Tay	LLB (Hons)

Audit Committee

Dr Chen Seow Phun, John	Chairman
Mr Loo Choon Chiaw	
Mr Tan Boen Eng	

Nominating Committee

Mr Tan Boen Eng	Chairman
Dr Chen Seow Phun, John	
Mr Loo Choon Chiaw	

Remuneration Committee

Mr Loo Choon Chiaw	Chairman
Dr Chen Seow Phun, John	
Mr Tan Boen Eng	

Registered Office

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Share Registrar

Lim Associates (Pte) Ltd
 10 Collyer Quay
 #19-08 Ocean Building
 Singapore 049315

General Counsel

Loo & Partners Advocates and Solicitors
 88 Amoy Street Level Three
 Singapore 069907

Auditors

Nexia Tan & Sitoh
 Certified Public Accountants
 45C-D Boat Quay
 Singapore 049834

Partner-in-Charge: Henry SK Tan
 Date of appointment: 18 March 2002

Principal Bankers

Overseas-Chinese Banking Corporation Limited
 Citibank, N.A.





Construction of Seletar Expressway



Corporate Governance Statement

The Board continues to uphold the highest standards of corporate governance in order to safeguard the interests of shareholders and enhance shareholders' value. The Board has put in place various self-regulating and monitoring mechanisms, as set out in the Best Practices Guide on Corporate Governance issued by The Singapore Securities Trading Limited ("SGX-ST"). This report describes the Group's corporate governance processes and activities.

1. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

- (i) 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.

Since the Initial Public Offering ("IPO") of the Company in July 2002, the Board had met once in FY2002 and the attendance of each Board member were as follows:-

	Attendance at meeting
Mr Or Kim Peow	1
Mr Or Toh Wat	1
Ms Ang Beng Tin	1
Mr Or Kiam Meng	1
Mr Oh Enc Nam	1
Dr Chen Seow Phun, John	1
Mr Loo Choon Chiaw	1
Mr Tan Boen Eng	0

- (ii) The Directors have identified a number of areas of which the Board had direct responsibility for decision-making. The Board meets to consider the following corporate actions and events:
- approval of half yearly results announcements;
 - approval of the annual report and accounts;
 - proposal of dividends; and
 - authorisation of major transactions (other than those in the ordinary course of business).
- (iii) Every Executive Director receives appropriate training to develop individual skills in order to discharge his or her duties. The Group also provides extensive 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 legislation and/or regulations which are relevant to the Group.

New directors, upon appointment, will be briefed on the business and organisation structure of the Company.

Principle 2: Board Composition and Balance

- (i) The Board comprises:

Non-Executive Independent Directors

Dr Chen Seow Phun, John
Mr Loo Choon Chiaw
Mr Tan Boen Eng

Executive Directors

Mr Or Kim Peow, *Group Chairman*
Mr Or Toh Wat, *Group Managing Director*
Ms Ang Beng Tin
Mr Or Kiam Meng
Mr Oh Enc Nam

There is a strong dependent element on the Board, with independent Directors constituting more than one-third of the Board.

- (ii) The independence of each Director is reviewed by the Nominating Committee ("NC"). The NC adopts the Code of Corporate Governance's ("the Code") definition of what constitutes an independent director in its review. The NC is of the view that the non-executive Directors are independent.

- (iii) 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. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.
- (iv) The NC is of the view that the current Board consists of the appropriate mix of expertise and experience to meet the Company's targets. Qualifications and experiences of the Board members are set out on page 16 to 18 of the Annual Report. Particulars of interests of directors who held office at the end of the financial period in shares in the Company and in related corporations (other than wholly-owned subsidiary companies) are set out in the Directors' Report.

Principle 3: Chairman and Chief Executive Officer

- (i) The Company keeps the posts of Chairman and Group Managing Director separate and these positions 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. The Chairman is primarily responsible for overseeing the overall management and strategic development of the Group. The Chairman is responsible for the effective working of the Board. The Chairman's responsibilities include:
 - 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;
 - Preparing meeting agenda;
 - Assisting in ensuring the Group's compliance with the Code;
 - Ensuring that Board Meetings are held when necessary; and
 - Reviewing most board papers before they are presented to the Board.
- (ii) Both the Chairman and the Group Managing Director exercise control over the quality, quantity and timeliness of information flow between the Board and Management.

Principle 6: Access to information

- (i) In FY2002, the Management provided the members of the Board with half-year management accounts, as well as relevant background information relating to the business to be discussed at the Board Meetings. The Company will adopt the practice of quarterly reporting with effect from 2004 as its market capitalisation did not exceed \$20 million as at 30 September 2002.
- (ii) Detailed board papers are sent out to the Directors before the scheduled meetings so that the members may better understand the issues beforehand thus allowing for more discussion time for questions that members may have. All the independent Directors have access to the senior executives in the Group.
- (iii) Directors have separate and independent access to the Company Secretary. The Company Secretary attends all board meetings and assists the Board to ensure that the Company complies with the requirements of the Companies' Act and the Company's rules and regulations.
- (iv) The Board (whether individually or as a group), has direct access to the independent professional advisors to obtain advice. Any cost of obtaining such professional advice will be borne by the Company.

2. BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership

- (i) The NC was formed on 10 July 2002 and comprises of Mr Tan Boen Eng, Dr Chen Seow Phun, John and Mr Loo Choon Chiaw, all of whom are non-executive and independent Directors. The Chairman of the NC is Mr Tan Boen Eng. The NC held its first meeting with full attendance on 3 March 2003.

The NC's main functions are as follows:

- to review nominations for appointment and the re-appointment to the Board and the various committees;
- to decide how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director;
- to decide, where a Director has multiple board representation, whether the Director is able to and has been adequately carrying out his duties as Director of the Company;
- to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; and
- to determine on an annual basis whether or not a Director is independent.

Principle 5: Board Performance

- (i) The NC has adopted a formal process for the evaluation of the performance of the Board.
- (ii) The Board is of the view that the performance criteria to assess the performance of executive Directors and non-executive Directors are as follows:-

Performance criteria for executive Director:

- Group's profitability
- Group's return on assets
- Cash management
- Return on equity
- Group's revenue

Performance criteria for non-executive Director:

- Level of participation at Board Meetings
- Attendance at Board Meetings
- Assistance to gain access to new markets or businesses
- Contribution of specialised knowledge

Audit Committee

Principle 11: Audit Committee

- (i) The Audit Committee ("AC") of the Company comprises Dr Chen Seow Phun, John, Mr Loo Choon Chiaw and Mr Tan Boen Eng, all of whom are non-executive and independent. This complies with the Code. The Chairman of the AC is Dr Chen Seow Phun, John.

The AC carried out its functions in accordance with the Companies Act, Cap. 50 and the Best Practices Guide and the Code. In performing those functions, the AC *inter alia*,

- reviews the annual audit plan of the Company's external auditors;
 - reviews the external auditors' reports;
 - reviews the co-operation given by the Company's officers to the external auditors;
 - reviews the Company's half year and full year results announcements, the financial year statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors for approval of release of the results announcement to the SGX-ST;
 - nominates external auditors for appointment and re-appointment; and
 - reviews all interested person transactions to ensure that they have been conducted on arms' length bases.
- (ii) Dr Chen Seow Phun, John is a Member of Parliament and a businessman. Mr Loo Choon Chiaw is the managing partner of a law firm and Mr Tan Boen Eng is by profession a certified public accountant and he is the President of the Institute of Certified Public Accountants of Singapore. The Board considers that the members of the AC are qualified to discharge the responsibilities of the AC.
 - (iii) The AC is authorised to investigate any matter in its terms of reference, and has full access to and co-operation of Management. The AC has full discretion to invite any Director or Executive Officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. In performing its functions, the AC also reviews the assistance given by the Company's Officers to the external auditors.
 - (iv) The AC, having reviewed the volume of non-audit services provided to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, have recommended to the Board of Directors the re-appointment of Nexia Tan & Sitoh as Auditors of the Company.
 - (v) The AC has met with the external auditors without the presence of Management. The AC also met with the external auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls.
 - (vi) The AC annually reviews the independence of the external auditors.

(vii) In FY2002, the AC had held one meeting and the attendance of each member was as follows:-

	Attendance at meeting
Dr Chen Seow Phun, John	1
Mr Loo Choon Chiaw	1
Mr Tan Boen Eng	0

Minutes of AC meetings are circulated to fellow Directors by the Company Secretary.

In the opinion of the Directors, the Company is in compliance with the Best Practices of the SGX-ST on Audit Committees.

Principle 12: Internal controls

- (i) The AC acknowledges that the Group's system of internal and operational controls has a key role in the identification and management of risks that are significant to the achievement of its business objectives. The Company reviews the effectiveness of internal and operational controls and risk management.
- (ii) The Company's external auditors, Nexia Tan and Sitoh, carried out, during the course of their audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Based on their review, the Board is of the view that there are adequate internal controls in the Group.

Principle 13: Internal audit

- (i) Due to the relatively small size and operations of the Group, the Company is of the view that the engagement of internal auditors would incur unnecessary expense. As such, the Company has requested the external auditor to perform financial audits and the audit of other management process to ensure compliance with the Company's system of internal controls.

These internal controls and systems are designed to provide reasonable assurance as to the effectiveness and efficiency of operations, integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and evaluate potential financial effects.

- (ii) The external auditor has direct access to the AC.

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies

- (i) The Remuneration Committee ("RC") was formed on 10 July 2002 and comprises Mr Loo Choon Chiaw, Dr Chen Seow Phun, John, and Mr Tan Boen Eng, all of whom are non-executive and independent directors. The Chairman of the RC is Mr Loo Choon Chiaw. The RC held its first meeting with full attendance on 3 March 2003.

The RC's main responsibilities are to:

- recommend to the Board a framework of remuneration for the Board Members and key executives;
 - determine specific remuneration packages for each executive Director;
 - determine the appropriateness of the remuneration of non-executive Directors taking into consideration of the level of their contribution;
 - review and recommend to the Board the terms of renewal of the service agreements of executive Directors; and
 - consider the disclosure requirements for Directors' and key executives' remuneration required by the SGX-ST.
- (ii) The members of the RC do not participate in any decisions concerning their own remuneration.

Corporate Governance Statement (Continued)

Principle 8: Level and Mix of Remuneration

- (i) The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.
- (ii) In FY2002, variable or performance related income/bonus make up 7% to 14% of the total remuneration of the Directors.
- (iii) All independent and non-executive Directors have no service agreements with the Company. They are paid directors' fees, which is determined by the Board based on the effort, time spent and responsibilities of the independent directors. The fees are subject to approval by the shareholders at each annual general meeting ("AGM"). Except as disclosed, the independent and non-executive directors do not receive any remuneration from the Company.
- (iv) According to the respective service agreements of the executive Directors:-
- each service agreement is valid for an initial period of 3 years commencing from 1 July 2002 and shall be automatically renewed on a yearly basis;
 - the remuneration of the Chairman and one of the executive Directors include a fixed salary and a variable performance related bonus which is designed to align their interests with those of the shareholders;
 - the Group Managing Director and the rest of the executive Directors are paid a fixed salary, a car allowance and a variable performance related bonus which is designed to align their interests with those of the shareholders; and
 - during the initial period of 3 years, an executive director shall not be entitled to terminate the employment by giving notice to the Company. However, the service agreement may be terminated by the Company giving the executive director 1 month's notice in writing or, in lieu of notice, payment of 1 month's salary based on the executive director's last drawn salary.
- (v) The Company does not have any employee share option schemes.

Principle 9: Disclosure on Remuneration

- (i) The Board has not included an annual remuneration report in its annual report for FY2002 as the Board is of view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in the Corporate Governance Statement and in the financial statements of the Company.
- (ii) A breakdown, showing the level and mix of each individual Director's remuneration in FY2002 is as follows:

Remuneration Band & Name of Director	Base / fixed salary	Variable or Performance Benefits Related income / bonuses	Directors' fees**	Other Benefits
\$250,000 to \$499,999				
Mr Or Kim Peow	57%	7%	36%	-
Mr Or Toh Wat	57%	10%	26%	7%
Mr Or Kiam Meng	57%	10%	26%	7%
Mr Oh Enc Nam	57%	10%	33%	-
Below \$250,000				
Ms Ang Beng Tin	76%	14%	-	10%
Dr Chen Seow Phun, John	-	-	100%	-
Mr Loo Choon Chiaw	-	-	100%	-
Mr Tan Boen Eng	-	-	100%	-

** these fees are subject to the approval of the shareholders at the forthcoming AGM.

A breakdown, showing the level and mix of top five key executives (who are not directors of the Company) in FY2002 is as follows:

Remuneration of Key Executives for the period ended 31 December 2002

Remuneration Band & Name of key executive	Base / fixed salary	Variable or Performance Benefits Related income / bonuses	Directors' fees**	Other Benefits
Below \$250,000				
Ms Ong Wei Wei	81%	19%	-	-
Mr Or Yew Whatt	50%	15%	35%	-
Mr Oh Kim Poy	54%	17%	29%	-
Mr Soh Thiam Soon	86%	7%	-	7%
Mr Ang Peng Seong	89%	7%	-	4%

(a) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow. Mr Oh Kim Poy is the brother of Mr Or Kim Peow.

(b) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary company.

** these fees are subject to the approval of the shareholders at the forthcoming AGM.

(iii) A breakdown, showing the level and mix of employee who is immediate family member of a Director in FY2002 is as follows:

Remuneration of employee who is immediate family member of a Director for the period ended 31 December 2002

Remuneration Band & Name of employee	Base / fixed salary	Variable or Performance Benefits Related income / bonuses	Directors' fees	Other Benefits
Below \$250,000				
Mr Or Chin Sim	75%	25%	-	-

(a) Mr Or Chin Sim is the brother of Mr Oh Enc Nam.

(iv) The Company does not have any employee share option schemes.

3. COMMUNICATION WITH SHAREHOLDERS

Principle 10: Accountability

- (i) The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half-yearly basis.
- (ii) The management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a half yearly basis.
- (iii) The Company intends to adopt quarterly results reporting with effect from 2004 as its market capitalisation did not exceed \$20 million as at 30 September 2002.

Principles 14 and 15: Communication with Shareholders

- (i) The Board is mindful of the obligation to provide shareholders of all major developments that affect the Group in accordance with the SGX-ST's Listing Rules and the Singapore Companies Act, Cap. 50.

The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and to promote better investor communications.

Corporate Governance Statement (Continued)

- (ii) Information is communicated to shareholders on a timely basis through:
- annual reports that are prepared and issued to all shareholders within the mandatory period;
 - MASNET and the press;
 - notices of annual general meetings;
 - the Company's website at <http://www.okph.com> at which shareholders can access information on the Group; and
 - the investor relations channel on financial portal at <http://www.shareinvestor.com>.
- (iii) At AGMs, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Company. 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 AGM is the principal forum for dialogue with shareholders.
- (iv) The members of the AC, NC and RC will be present at the AGM to answer those questions relating to the work of these committees. The external auditors will also be present to assist the directors in addressing any relevant queries by shareholders.

4. DEALINGS IN SECURITIES

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The Code has been modelled along the Best Practices Guide in 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-yearly results and ending on the date of the announcement of the results. All employees are required to report to the Company Secretary whenever they deal in the Company's share.

Interested person transactions

The AC reviewed the following interested person transactions for the period ended 31 December 2002 in accordance with its existing procedures:-

Name of Interested Person	Aggregate Value of all Interested Person Transactions during the financial period ended 31 December 2002 \$'000
<i>Purchase of fixed assets</i>	
Sin Kah Heng Motor Trading Co	348
Or Toh Wat	22
Oh Enc Nam	5
<i>Sale of fixed asset</i>	
Citysafe Pte Ltd	8
<i>Sale of property</i>	
Or Toh Wat, Or Kiam Meng and Or Lay Huat, Daniel	600
<i>Provision of legal services</i>	
Loo & Partners	133
<i>Provision of management consultancy services</i>	
Or Lay Wah, Elaine	25

The Board confirms that these interested person transactions were entered into on an arm's length basis, on normal commercial terms and are not prejudicial to our shareholders.

5. THE BEST PRACTICES GUIDE

The Company has complied with the Best Practices Guide issued by the SGX-ST.

Our Group's system of internal controls has a key role in the identification and management of risk that are significant to the achievement of its business objectives. The Board believes that, in the absence of any evidence to the contrary the system of internal control maintained by management that has been in place throughout the financial year to date, is adequate to meet the needs of the Company in its current business environment.

The system of internal controls provides reasonable, but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Management acknowledges and notes that no system of internal control can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The major risks that our Group faces are as follows:

A Financial Risk

A write-up on our Group's management of its financial risks can be found in the Financial Statements on page 61 of this annual report.

B Industry Risk

1. Cyclical Nature of Construction Industry

Our Group is subject to the cyclical nature of the local construction industry, especially to public sector civil engineering construction demand. We believe that despite the government is scaling back on expenditure on road construction and maintenance, the impact on our Group is minimal. We believe that with our expertise and experience in road construction and road maintenance, we are able to tender competitively even when the total amount of projects may fall.

2. Competitive industry and subject to Contractor Registration System

A second industry risk is related to the fact that OKPCPL is registered as an A2 Civil Engineering Contractor (allows for tenders of up to \$65 million per project) while EL is registered as a B1 Civil Engineering contractor (allows for tenders of up to \$30 million per project). Both subsidiary companies are subject to greater competition from higher graded contractors or that they may lose their grading status. We believe in the ability of the management to ensure that our business remains competitive and well managed by a team of professionals.

C Operational Risks

1. Dependency on Public Sector Clientele

Our Group is dependent on public sector clientele, in particular the Land Transport Authority ("LTA") by the very nature of its business. However, the Board is of the opinion that this is not a significant risk as long as infrastructure continues to be key to Singapore's economic development and that the government has a role in developing infrastructure. We are confident that we are capable of designing, planning and executing in a cost effective manner at the same time, maintaining a high standard of quality.

2. Dependency on foreign workers and foreign workers levy

Our Group believes in continual training of its foreign workforce to maintain quality standards, while minimalising the amount of foreign workers levy payable. The Board is of the opinion that the current changes to the construction foreign workers policies by the Ministry of Manpower and BCA have helped to reduce our reliance on foreign labour, by up-grading the skills of these workers in order to improve their productivity.

3. Subject to Price Fluctuations of Construction Materials

Although the business is exposed to price fluctuations of raw materials, it is the policy of our Group to fix the prices of construction materials with suppliers for certain periods of time so as to reduce price fluctuations at project level.

Risk Assessment and Management

(Continued)

4. Exposure to disputes and claims including claims for liquidated damages

In the course of our business, we may be subject to disputes over variation orders or claims against defective workmanship or non-compliance with contract specifications. Claims for liquidated damages may also arise for inability to complete the project within a stipulated time. Our Group believes that it has the expertise and internal procedures in place to ensure that projects are well-managed with high quality standards maintained, thus reducing its exposure to such disputes and claims.

5. Exposure to cost overruns

Our Group believes that its project management expertise allows it to effectively manage the costs related to each tendered project, including third party costs from suppliers and sub-contractors. This reduces the likelihood of cost overruns, barring unforeseen circumstances such as adverse soil conditions, unfavourable weather or unanticipated construction constraints at the worksite.

6. Subject to safety regulations imposed by LTA

Our Group believes that its procedures in place to ensure compliance with its OHSAS 18000 certification requirements will reduce the likelihood of any infringement of safety regulations imposed by LTA.

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*Connecting Roads
at Northern Approach
to New Woodlands Checkpoint*



Directors' Report

The directors are pleased to present their report to the members together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2002.

Directors

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

Or Kim Peow	(Appointed on 15 February 2002)
Or Toh Wat	(Appointed on 15 February 2002)
Ang Beng Tin	(Appointed on 20 March 2002)
Or Kiam Meng	(Appointed on 20 March 2002)
Oh Enc Nam	(Appointed on 20 March 2002)
Chen Seow Phun, John	(Appointed on 25 June 2002)
Tan Boen Eng	(Appointed on 25 June 2002)
Loo Choon Chiaw	(Appointed on 25 June 2002)

Incorporation and Listing of the Company

The Company was incorporated in the Republic of Singapore on 15 February 2002 as a private limited company. On 22 June 2002, the Company was converted to a public limited company. The Company was admitted to the Official List of the Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 26 July 2002.

Principal Activities

The principal activities of the Company are those relating to investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are set out in note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

Acquisitions and Disposals of Subsidiary Companies

The following subsidiary companies were acquired during the financial period:

Name of Subsidiary Companies	Principal Activities	Consideration \$	Place of Business / Incorporation	Net Assets Acquired \$	Effective equity held by the Company
Held by the Company					
Or Kim Peow Contractors (Private) Limited ("OKPCPL")	Business of road construction and maintenance	8,874,941	Singapore	8,874,941	100%
Eng Lam Contractors Co (Pte) Ltd ("EL")	Business of road construction and maintenance	2,551,146	Singapore	2,551,146	100%

Pursuant to the Restructuring Agreement dated 11 April 2002 (details of which are set out on pages 28 to 29 in the Company's prospectus dated 13 July 2002), the Company acquired the total issued and paid-up share capital of OKPCPL for an aggregate consideration of \$8,874,941, based on the audited net assets of \$8,874,941 as at 31 December 2001. The consideration was satisfied by the allotment and issue of 8,874,941 ordinary shares of \$1 each at par in the capital of the Company to the shareholders of OKPCPL or their nominees according to their respective shareholdings.

The Company acquired the total issued and paid-up share capital of EL for an aggregate consideration of \$2,551,146 based on the audited net assets of \$2,551,146 as at 31 December 2001. The consideration was satisfied by the allotment and issue of 2,551,146 ordinary shares of \$1 each at par in the capital of the Company to the shareholders of EL or their nominees according to their respective shareholdings.

Acquisitions and Disposals of Subsidiary Companies (Continued)

The following subsidiary company was incorporated during the financial period:

Name of Subsidiary Company	Principal Activities	Place of Business / Incorporation \$	Issued and Paid-up Capital	Effective equity held by the Company
Held by the Company				
OKP Technical Management Pte. Ltd. ("OKPTM")	Provision of technical management and consultancy services	Singapore	5	100%

Except as disclosed above, there were no other acquisitions or disposals of subsidiary companies during the financial period.

Financial Results

Results for the financial period are as follows:

	Group \$	Company \$
Profit after taxation and carried forward	\$2,222,663	\$683,143

Material Transfer to and from Reserves and Allowances

Movements in reserves during the period are as set out in the statements of changes in equity of the Group and of the Company.

Material movements in allowances are set out in the notes to the accompanying financial statements.

Issue of Shares and Debentures

The Company

During the financial period, the Company was incorporated with an authorised share capital of \$100,000 comprising 100,000 ordinary shares of \$1 each and an issued share capital of \$2, comprising 2 ordinary shares of \$1 each.

At an extraordinary general meeting held on 21 June 2002, the then shareholders of the Company approved, *inter alia*, the following:

- (i) the increase in the authorised share capital from \$100,000 divided into 100,000 ordinary shares of \$1 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1 each; and
- (ii) the authorisation for the Directors, pursuant to Section 161 of the Companies Act, Cap. 50, to issue shares in the capital of the Company pursuant to the Restructuring Exercise on 11 April 2002;

At a subsequent extraordinary general meeting held on 22 June 2002, the then shareholders of the Company approved, *inter alia*, the following:

- (i) the sub-division of each ordinary share of \$1 each in the authorised and issued and paid-up share capital of the Company into 10 ordinary shares of \$0.10 each respectively; and
- (ii) the issue of 22,000,000 new ordinary shares of \$0.10 each in the capital of the Company pursuant to the initial public offering of the Company such shares to rank *pari passu* in all respects with the then existing issued and fully paid-up shares of the Company.

Subsidiary Companies

OKPCPL

On 17 April 2002, OKPCPL increased its authorised share capital from \$5,000,000 comprising 50,000 ordinary shares of \$100 each to \$8,000,000 comprising 80,000 ordinary shares of \$100 each. On 30 August 2002, OKPCPL increased its authorised share capital from \$8,000,000 comprising 80,000 ordinary shares of \$100 each to \$15,000,000 comprising 150,000 ordinary shares of \$100 each.

Issue of Shares and Debentures (Continued)

The subsidiary company increased its issued and paid-up capital as follows:

<u>Shares Issued and Considerations</u>	<u>Purposes</u>
28,000 ordinary shares of \$100 each by way of a bonus issue to its existing shareholders via capitalisation of \$2,800,000 out of revenue reserves	Bonus issue
15,000 ordinary shares of \$100 each at par for cash	For additional working capital

EL

During the financial period, EL increased its authorised share capital from \$3,000,000 comprising 3,000,000 ordinary shares of \$1 each to \$10,000,000 comprising 10,000,000 ordinary shares of \$1 each.

The subsidiary company increased its issued and paid-up capital as follows:

<u>Shares Issued and Considerations</u>	<u>Purposes</u>
1,000,000 ordinary shares of \$1 each at par for cash	For additional working capital
700,000 ordinary shares of \$1 each by way of a bonus issue to its then existing shareholders via capitalisation of \$700,000 out of revenue reserves	Bonus issue

Except for the above, no other shares or debentures were issued by the Company or its subsidiary companies during the financial period.

Arrangements for Directors to Acquire Shares or Debentures

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

Directors' Interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Cap. 50, particulars of interests of directors who held office at the end of the financial period in shares or debentures in the Company and in related corporations other than wholly owned subsidiary companies are as follows:-

	<u>Holdings in the name of the director</u>			<u>Other holdings in which the director is deemed to have an interest</u>		
	<u>At date of incorporation</u>	<u>At end of the period</u>	<u>At 21 Jan 2003</u>	<u>At date of incorporation</u>	<u>At end of the period</u>	<u>At 21 Jan 2003</u>
<u>The Company</u>	<u>Ordinary Shares of \$1 each fully paid</u>	<u>Ordinary Shares of \$0.10 each fully paid</u>	<u>Ordinary Shares of \$0.10 each fully paid</u>	<u>Ordinary Shares of \$1 each fully paid</u>	<u>Ordinary Shares of \$0.10 each fully paid</u>	<u>Ordinary shares of \$0.10 each fully paid</u>
Or Kim Peow	1	4,730,000	4,730,000	-	89,901,940	89,901,940
Or Toh Wat	1	2,838,000	2,838,000	-	-	-
Ang Beng Tin	-	2,936,000	2,936,000	-	-	-
Or Kiam Meng	-	2,838,000	2,838,000	-	-	-
Oh Enc Nam	-	1,044,000	1,044,000	-	-	-
Chen Seow Phun, John	-	-	-	-	20,000	20,000
<u>Immediate and Ultimate Holding Company</u>	<u>Ordinary shares of \$1 each fully paid</u>			<u>Ordinary shares of \$1 each fully paid</u>		
Or Kim Peow	1	97,091	97,091	-	-	-
Or Toh Wat	1	58,255	58,255	-	-	-
Ang Beng Tin	1	60,272	60,272	-	-	-
Or Kiam Meng	1	58,255	58,255	-	-	-
Oh Enc Nam	-	21,436	21,436	-	-	-

Directors' Interests in Shares or Debentures *(Continued)*

By virtue of Section 7 of the Act, Or Kim Peow is deemed to have an interest in the shares of all the wholly-owned subsidiary companies, at the beginning and at the end of the financial period.

Except as disclosed in this report, no director who held office at the end of the financial period had interests in shares or debentures of the Company or of related corporations either at the beginning of the financial period, or date of appointment, if later, or at the end of the financial period.

Except as disclosed above, there were no changes in any of the above mentioned interests in the Company between the end of the financial period and 21 January 2003.

Dividend

Since the date of incorporation, no dividend has been paid in respect of the financial period under review.

The directors now recommend a final tax exempt dividend of 0.49 cent per share amounting to \$668,000 in respect of the financial period under review.

Other Statutory Information

(a) Bad and Doubtful Receivables

Before the profit and loss account and balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful receivables, and have satisfied themselves that no debts of the Company need to be written off as bad and that allowance for doubtful receivables was required.

At the date of this report, the directors are not aware of any circumstances which would require any debts in the group of companies to be written off as bad or provided for as doubtful.

(b) Current Assets

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of the business have been written down to amounts which they might be expected to realise and that adequate allowance has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the consolidated financial statements misleading.

(c) Charges and Contingent Liabilities

Since the end of the financial period, and up to the date of this report, no assets of the Group or of the Company have been charged to secure the liabilities of any other person and no contingent liability of the Group or of the Company has arisen.

(d) Ability to Meet Obligations

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the succeeding period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(e) Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group or of the Company misleading.

Other Statutory Information (Continued)

(f) Unusual Items

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial period.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made.

Directors' Interests in Contracts

Except as disclosed in the financial statements, since the date of incorporation, no director of the Company has received or become entitled to receive a benefit (other than as disclosed as directors' remuneration and fees in the accompanying financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for the significant related party transactions as disclosed in Note 25 to the accompanying financial statements.

Share Options

During the financial period, there were:-

- (i) no options granted by the Company or its subsidiary companies to any person to take up unissued shares in the Company or its subsidiary companies.
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiary companies.

As at the end of the financial period, there were no unissued shares of the Company or its subsidiary companies under option.

Audit Committee

The Audit Committee comprises independent directors as follows:

Dr Chen Seow Phun, John (Chairman)
Mr Tan Boen Eng
Mr Loo Choon Chiaw

The Audit Committee carried out its functions in accordance with the Companies Act, Chapter 50 and the Best Practices Guide and the Code of Corporate Governance. In performing these functions, the Committee *inter alia*:-

- (a) reviews the annual audit plans of the Company's external auditors;
- (b) reviews the external auditors' reports;
- (c) reviews the co-operation given by the Company's officers to the external auditors;
- (d) reviews the Company's half year and full year results announcements, the financial year statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors for approval of release of the results announcement to the SGX-ST;
- (e) nominates external auditors for appointment and re-appointment; and
- (f) reviews all interested person transactions to ensure that they have been conducted on arm's length bases.

Due to the relatively small size and operations of the Group, the Company is of the view that the engagement of internal auditors would incur unnecessary expense. As such, the Company requested that the external auditors to perform financial audits and the audit of the other management processes to ensure compliance with the Company's system of internal controls.

Audit Committee (Continued)

The Committee has met with the external auditors without the presence of management.

The Audit Committee, having reviewed the volume of non-audit services provided to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, have recommended to the Board of Directors the re-appointment of, Nexia Tan & Sitoh, as auditors of the Company at the forthcoming Annual General Meeting.

Interested Person Transactions

The aggregate value of interested person transactions conducted during the financial period are disclosed in Note 25 to the accompanying financial statements.

Other Information Required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any subsidiary company, is a party and which involve directors' interests subsisted at the end of the financial period, or have been entered into since the date of incorporation.

Auditors

The auditors, Nexia Tan & Sitoh, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Or Kim Peow
Director

Or Toh Wat
Director

Singapore
24 March 2003

Statement by Directors

Pursuant to Section 201(15)

We, Or Kim Peow and Or Toh Wat being the directors of OKP Holdings Limited, do hereby state that in our opinion of the directors,

- (a) the accompanying balance sheets, profit and loss accounts, statement of changes in equity and consolidated cash flow statement together with notes thereto set out on pages 42 to 63 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002 and of the results of the business and the changes in equity of the the Group and the Company and cash flows of the Group for the financial period ended on that date; 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.

The Board of Directors authorised these financial statements for issue on 24 March 2003.

On behalf of the Board of Directors

Or Kim Peow
Director

Or Toh Wat
Director

Singapore
24 March 2003



OKP HOLDINGS LIMITED
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*Connecting Roads
at Northern Approach
to New Woodlands Checkpoint*



Auditors' Report to the Members of OKP Holdings Limited and its Subsidiary Companies

We have audited the financial statements of OKP Holdings Limited set out on pages 42 to 63. The financial statements comprise the balance sheets of the Group and of the Company as at 31 December 2002, the profit and loss accounts and the statements of changes in equity of the Group and the Company and statement of cash flows of the Group for the period ended at 31 December 2002, and notes thereto. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and changes in equity of the Group and of the Company and cash flows of the Group for the period then ended on that date; and
 - (ii) the other matters required by section 201 of the Act to be dealt with in the consolidated financial statements of the Group and financial statements of the Company;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its Subsidiary Companies incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and in respect of companies incorporated in Singapore did not include any comment under section 207(3) of the Act.

Nexia Tan & Sitoh

Certified Public Accountants

Singapore
24 March 2003

Balance Sheets

as at 31 December 2002

	Note	Group 2002 \$	Company 2002 \$
Fixed Assets	3	7,933,979	66,000
Interests in Subsidiary Companies	4	-	13,926,092
Investment Properties	5	934,048	-
Goodwill	6	1,923,857	-
Current Assets			
Construction in progress	7	849,271	-
Trade receivables		11,943,784	-
Amounts due from subsidiary companies	8	-	2,048,461
Other receivables, deposits and prepayments	9	696,768	10,464
Fixed deposits	10	4,522,579	-
Cash at bank and in hand		4,947,876	92,177
		22,960,278	2,151,102
Current Liabilities			
Trade payables		10,121,055	-
Accrued operating expenses		1,293,588	236,191
Other payables	11	8,900	-
Amounts due to a subsidiary companies (Non-Trade)	12	-	30,607
Hire purchase creditors	13	786,090	11,400
Bank long term loans (Secured)	14	140,016	-
Provision for taxation		972,209	184,638
		13,321,858	462,836
Net Current Assets		9,638,420	1,688,266
Non-Current Liabilities			
Hire purchase creditors	13	(971,477)	(41,800)
Bank long term loans (Secured)	14	(1,865,681)	-
Deferred taxation	15	(415,068)	-
		17,178,078	15,638,558
Representing:			
Share capital	16	13,626,094	13,626,094
Share premium	17	1,329,321	1,329,321
Reserves		1,554,663	15,143
Proposed dividend	24	668,000	668,000
		17,178,078	15,638,558

Profit and Loss Statements

for the period ended
31 December 2002

	Note	Group 2002 \$	Company 2002 \$
Revenue	18	51,818,258	1,845,000
Cost of works		(44,601,431)	-
Gross profit		7,216,827	1,845,000
Other Income	19	155,465	-
Administrative expenses		(3,779,892)	(976,723)
Other operating expenses		(135,979)	-
Profit from operations	20	3,456,421	868,277
Finance costs	22	(221,437)	(496)
Profit from ordinary activities before taxation		3,234,984	867,781
Taxation	23	(1,012,321)	(184,638)
Profit from ordinary activities after taxation and carried forward		2,222,663	683,143
Earnings per share (cents)	26		
Basic		1.63	
Diluted		1.63	

Statement of Changes in Equity

for the period ended
31 December 2002

	Share Capital \$	Share Premium \$	Dividend Reserves \$	Revenue Reserves \$	Total \$
The Group					
As at 15 February 2002 (date of incorporation) 2 ordinary shares at \$1 each at par	2	-	-	-	2
Issue of ordinary shares pursuant to restructuring agreement	11,426,092	-	-	-	11,426,092
Issue of ordinary shares pursuant to initial public offering	2,200,000	-	-	-	2,200,000
Share premium	-	2,200,000	-	-	2,200,000
Initial public offering expenses	-	(870,679)	-	-	(870,679)
Dividend for 2002 - Proposed	-	-	668,000	(668,000)	-
Net profit for the period	-	-	-	2,222,663	2,222,663
As at 31 December 2002	13,626,094	1,329,321	668,000	1,554,663	17,178,078
The Company					
As at 15 February 2002 (date of incorporation) 2 ordinary shares at \$1 each at par	2	-	-	-	2
Issue of ordinary shares pursuant to restructuring agreement	11,426,092	-	-	-	11,426,092
Issue of ordinary shares pursuant to initial public offering	2,200,000	-	-	-	2,200,000
Share premium	-	2,200,000	-	-	2,200,000
Initial public offering expenses	-	(870,679)	-	-	(870,679)
Dividend for 2002 - Proposed	-	-	668,000	(668,000)	-
Net profit for the period	-	-	-	683,143	683,143
As at 31 December 2002	13,626,094	1,329,321	668,000	15,143	5,638,558

Consolidated Statement of Cash Flow

for the period ended
31 December 2002

	2002
	\$
Cash flows from operating activities	
Profit before taxation	3,234,984
Adjustments for:	
Amortisation of goodwill	239,203
Depreciation of fixed assets	1,543,469
Loss on disposal of fixed assets	28,982
Gain on sale of fixed assets	(24,715)
Fixed assets written off	106,997
Bank fixed deposit interest income	(29,318)
Hire purchase interest	96,707
Bank overdrafts interest	11,700
Bank long term loans interest	113,030
Preliminary expense written off	6,648
Operating profit before working capital changes	5,327,687
Changes in operating assets and liabilities	
Construction in progress	(736,050)
Trade receivables	(4,102,212)
Other debtors, deposits and prepayments	(486,430)
Amounts due from directors of the Company (Non-Trade)	1,660,621
Amounts due from related parties (Trade)	118,375
Amounts due from shareholders of the Company (Non-Trade)	17,782
Trade payables	3,271,311
Other payables	(50,921)
Amount due to a director of a subsidiary company (Non-Trade)	(11,345)
Accrued operating expenses	902,670
Cash generated from operations carried forward	5,911,488
Hire purchase interest paid	(96,707)
Bank overdrafts interest paid	(11,700)
Bank long term loans interest paid	(113,030)
Bank fixed deposit interest income received	29,318
Income tax paid	(1,367,606)
Net cash generated from operating activities	4,351,763
Cash flows from investing activities	
Purchase of fixed assets	(920,764)
Proceeds from disposal of fixed assets	55,850
Proceeds from sale of investment property	600,000
Net cash used in investing activities	(264,914)
Cash flows from financing activities	
Repayment of short term bank loans	(350,000)
Repayment of long term bank loans	(1,334,769)
Proceeds from issue of shares less expenses	3,529,321
Proceeds from short term bank loan	300,000
Proceeds from long term bank loans	1,100,000
Payments to hire purchase creditors	(1,056,527)
Payments of dividends	(1,892,030)
Net cash generated from financing activities	295,995
Net increase in cash and cash equivalents	4,382,844
Cash and cash equivalents at beginning of financial period	5,087,611
Cash and cash equivalents at end of financial period (See Note 27)	9,470,455

Notes to the Accounts

for the period ended
31 December 2002

These notes form an integral part of and should be read in conjunction with the accompanying accounts.

The financial statements were authorised for issue in accordance with a resolution of the directors on 24 March 2003.

1 Domicile and Principal Activities

OKP Holdings Limited is incorporated in the Republic of Singapore and was admitted to the Official List of the Stock Exchange of the Singapore Dealing and Automated Quotation System ("SGX-SESDAQ") on 26 July 2002. The address of the Company's registered office is at No. 6 Tagore Drive #B1-06 Tagore Industrial Building, Singapore 787623.

The principal activities of the Company, are those relating to investment holding and provision of management services to its subsidiary companies. The principal activities of the subsidiary companies are set out in Note 4 of the financial statements. There have been no significant changes in the nature of these activities during the financial period.

2 Summary of Significant Accounting Policies

The significant accounting policies which have been consistently applied in the preparation of the financial information of the Group and the Company are as follows:-

(a) Statement of Compliance

These financial statements have been prepared in accordance with the Statements of Accounting Standard issued by the Institute of Certified Public Accountants of Singapore and the disclosure requirements of the Singapore Companies Act, Chapter 50.

(b) Accounting Convention

The accounts, expressed in Singapore dollars, are drawn up in accordance with the historical cost convention.

(c) Basis of Consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies which are set out in Note 4. The accounts of subsidiary companies acquired or disposed of during the financial period are included or excluded from the Group's figures from the effective date of acquisition or disposal. The excess of cost of investment over the net asset of the subsidiary companies at the date of acquisition is recorded as goodwill on consolidation is amortised on a straight-line basis over 10 years through the consolidated profit and loss account. Intercompany balances and transactions are eliminated on consolidation.

(d) Subsidiary Companies

Investments in subsidiary companies are stated at cost. Allowance is made only when the directors consider that there has been a permanent diminution in value. Any such allowances are recognised as an expense in the profit and loss account.

Dividend from subsidiary companies is recognised when the shareholders' rights to receive payment are established.

(e) Investment Properties

Investment properties are held on a long term basis for the primary purpose of producing rental income. They are not held for resale in the ordinary course of business. These are stated at cost. Allowance is made for other than temporary diminution in value.

(f) Goodwill

- (i) Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of 10 years.
- (ii) Purchased goodwill is stated at cost and amortised over 5 years.

2 Summary of Significant Accounting Policies (Continued)

(g) Depreciation

Depreciation is provided on all fixed assets except freehold land at the following rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful life: -

Freehold Properties	-	50 years
Plant & Machinery	-	10 years
Motor Vehicles	-	5 years
Office Equipment	-	5 - 10 years
Furniture & Fittings	-	5 - 10 years

The carrying amount of property, plant and machinery are reviewed annually to determine whether they are in excess of their reasonable amounts at the balance sheet date. If the carrying amount exceeds the reasonable amount, the asset is written down to the lower amount and no further charge for depreciation is needed in respect of these assets.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use.

(h) Construction in progress

Construction in progress is stated at the lower of cost plus attributable profit less anticipated loss and progress billings, and net realisable value. Cost comprises direct labour, material costs and relevant overheads. Indirect costs and general administrative costs are expensed as incurred as these are not significant.

Progress payments received represents payments received in respect of long term contracts which are currently in progress.

When it is probable that total construction costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(i) Trade and other receivables

Trade and other receivables are stated at their cost less allowance for doubtful receivables.

(j) Financial assets

Financial assets comprise of cash at bank and in hand and fixed deposit which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft and which is repayable on demand and which form an integral part of the Company's cash management. Trade and other receivables are stated at their nominal values.

(k) Impairment of assets

The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

2 Summary of Significant Accounting Policies (Continued)

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss in respect of land and buildings or investment property carried at revalued amount is recognised in the same way as a revaluation increase. All other reversals of impairment are recognised in the profit and loss account.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised at cost.

(n) Hire purchase

Where assets are financed by hire purchase agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the periods of the hire purchase and the corresponding hire purchase commitments are included under liabilities. The excess of the hire purchase payments over the recorded hire purchase obligations are treated as finance charges which are allocated over each hire purchase term so as to give a constant rate of interest on the outstanding balance at the end of each period.

(o) Employee benefits

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liabilities for annual leave as a result of services rendered up to the balance sheet date.

(p) Allowances

Allowances are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(q) Deferred taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or subsequently enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of deferred tax to be utilised.

2 Summary of Significant Accounting Policies (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or different period, directly to equity.

(r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

(i) Revenue from road construction and road maintenance contracts

Revenue and profit from road construction and road maintenance contracts are recognised based on percentage of completion methods as determined under the respective contract terms. Revenue is measured by reference to:-

- (a) the percentage of actual costs incurred to-date to the estimated total costs for each contract; or
- (b) the percentage of certified billing to-date to the estimated total billings for each contract.

Allowance for the total anticipated loss on construction contracts is recognised in the financial statements as soon as the loss is foreseeable.

Allowance for liquidated damages for late completion of projects are made where there is a contractual obligation and written notice received from customers, and where in management's opinion an extension of time is unlikely to be granted.

(ii) Interest income

Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, the date of maturity.

(iii) Rental income

Rental income is recognised on an accrual basis.

(iv) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(v) Management fees

Management fees are recognised upon the rendering of management and consultation services to and acceptance by subsidiary companies.

(s) Preliminary expenses

Preliminary expenses are written off in the year they are incurred.

(t) Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to prepare for its intended use or sale.

The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

2 Summary of Significant Accounting Policies (Continued)

(u) Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable and leases. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies.

(v) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other parties in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(w) Segment reporting

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment), which is subject to risks, and rewards that are different from those of other segments.

Inter segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, borrowing and expenses, and corporate assets and expenses.

(i) Business segments

The Group comprises the following main business segments:

- (a) Road construction
- (b) Road maintenance

(ii) Geographical segments

There are no geographical segments as the Group operates principally in Singapore.

3 Fixed Assets

Group Cost	Freehold Properties \$	Plant & Machinery \$	Motor Vehicles \$	Office Equipment \$	Furniture & Fittings \$	Total \$
Arising from acquisition of subsidiary companies	1,604,074	4,887,585	3,723,645	532,469	310,545	11,058,318
Additions	1,436,908	1,285,101	1,043,007	83,166	200,271	4,048,453
Disposals / written off	-	(343,488)	(71,176)	(74,353)	(97,962)	(586,979)
As at 31 December 2002	3,040,982	5,829,198	4,695,476	541,282	412,854	14,519,792
Accumulated Depreciation						
Arising from acquisition of subsidiary companies	85,550	2,930,554	2,032,384	277,146	136,575	5,462,209
Charge for the period	32,081	580,368	814,328	72,373	44,319	1,543,469
Disposals / written off	-	(276,277)	(31,509)	(64,669)	(47,410)	(419,865)
As at 31 December 2002	117,631	3,234,645	2,815,203	284,850	133,484	6,585,813
Net Book Value						
As at 31 December 2002	2,923,351	2,594,553	1,880,273	256,432	279,370	7,933,979

Certain plant & machinery and motor vehicles with net book value amounting to \$2,542,815 are acquired under hire purchase. (Note 13)

Group

Details of the freehold properties of the Group are as follows:

Location	Built-in area (Square feet)	Tenure	Net book value 2002 \$
6 Tagore Drive #B1-06 Tagore Industrial Building Singapore 787623.	2,626	Freehold	1,486,443
6 Tagore Drive #B1-05 Tagore Industrial Building Singapore 787623.	2,486	Freehold	1,436,908
			2,923,351

Freehold properties of the Group with net book value of \$2,923,351 are mortgaged to the bank to secure the Group's bank loan term loans (Note 14).

Company Cost	Motor Vehicle \$	Total \$
At date of incorporation	-	-
Additions	82,500	82,500
Disposals	-	-
As at 31 December 2002	82,500	82,500
Accumulated Depreciation		
At date of incorporation	-	-
Charge for the period	16,500	16,500
Disposals	-	-
As at 31 December 2002	16,500	16,500
Net Book Value		
As at 31 December 2002	66,000	66,000

Motor vehicles with net book value amounting to \$66,000 are acquired under hire purchase (Note 13).

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

4 Interests in Subsidiary Companies

	Company 2002 \$
Unquoted equity shares at cost	13,926,092
Amounts due from subsidiary companies (Non-Trade)	<u>203,461</u>
Amounts due from subsidiary companies (Trade)	<u>1,845,000</u>
Amounts due to a subsidiary company (Non-Trade)	<u>(30,607)</u>

Non-trade amounts are unsecured, interest free with no fixed terms of repayment.

The Company had the following subsidiary companies as at 31 December 2002:

<u>Name of Subsidiary Companies</u>	<u>Principal Activities</u>	<u>Place of Business / Incorporation</u>	<u>Effective equity held 2002</u>	<u>Cost of Investment 2002 S\$</u>
# Or Kim Peow Contractors (Private) Limited	Business of road construction and maintenance	Singapore	100%	10,374,941
# Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	3,551,146
# OKP Technical Management Pte. Ltd.	Provision of technical management and consultancy services	Singapore	100%	5
				13,926,092

Audited by Nexia Tan & Sitoh

5 Investment in Properties

	Group 2002 \$
Investment properties, at cost	934,048
Revaluation differences recognised	-
	934,048

Movements in impairment losses of investment in properties:

	Group 2002 \$
Balance at beginning	329,165
Allowance made during the period	-
Allowance reversed during the period	(329,165)
Balance at end	-

<u>Description</u>	<u>Location</u>	<u>Built-in area (Square Feet)</u>	<u>Tenure / Unexpired Term</u>	<u>At Cost / Net Book Value 2002 \$</u>
Freehold Property	6 Tagore Drive #B1-05 Tagore Industrial Building Singapore 787623.	2,486	Freehold	**.
Freehold Property	No.190 Moulmein Road #10-03, The Huntington, Singapore 308095.	1,151	Freehold	934,048
Leasehold Building	59 Ang Mo Kio Avenue 4 #01-538, Singapore 560159.	1,625	Leasehold 85 years with effect from 1/10/1994	-
				934,048

** The freehold property is now used for its own purpose and is classified as fixed asset in the current period.

The leasehold building at Ang Mo Kio Avenue 4 was sold to one of the directors of the Company during the financial period. The value of such interested party transaction was disclosed in note 25 of the accompanying financial statements.

The Group's freehold properties and investment properties with net book value amounting to \$2,923,351 and \$934,048 are mortgaged to the bank to secure the Group's bank long term loans. (Note 14)

6 Goodwill

	Group 2002 \$
At cost	2,363,060
Accumulated amortisation	(439,203)
	1,923,857

Movement in accumulated amortisation of goodwill:

At beginning of the period	200,000
Allowance during the period	239,203
At end of the period	439,203

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

7 Construction in Progress

	Group 2002 \$
Construction in progress, at cost plus recognised profits	35,022,882
Less: Progress billings	(34,173,611)
At end of the period	849,271

8 Amounts Due From Subsidiary Companies

	Company 2002 \$
Trade	1,845,000
Non-trade	203,461
	2,048,461

Non-trade amounts are unsecured, interest free with no fixed terms of repayment.

9 Other Receivables, Deposits and Prepayments

	Group 2002 \$	Company 2002 \$
Other receivables		
- Loan to employees	23,750	-
- Tax recoverable	17,313	-
Deposits	242,268	-
Prepayments	413,437	10,464
	696,768	10,464

10 Fixed Deposits

Fixed deposits are charged to the bank to secure bank facilities. (Note 14)

11 Other Payables

	Group 2002 \$
Rental deposits	5,600
Sundry payables	3,300
	8,900

12 Amounts Due To A Subsidiary Company (Non-Trade)

These amounts are unsecured, interest free with no fixed terms of repayment.

13 Hire Purchase Creditors

	Group 2002 \$	Company 2002 \$
Hire Purchase instalments		
Within 1 year	869,461	12,888
After 1 year but within 5 years	1,080,809	47,256
Less: Deferred Finance Charges	(192,703)	(6,944)
	1,757,567	53,200
Due within 12 months	786,090	11,400
Due after 12 months	971,477	41,800
	1,757,567	53,200

14 Bank Long Term Loans (Secured)

	Group 2002 \$
Due within 12 months	140,016
Due after 12 months	1,865,681
	2,005,697

The bank long term loans are repayable over a period of 20 years commencing December 2000. Interest is payable at a rate of 5.5% per annum. The bank long term loan was fully repaid during the financial period ended 31 December 2002 and was re-financed with bank long term loans repayable over a period of 15 years commencing February 2002. Interest is payable at 4.5% to 4.75% per annum.

The above long term bank borrowings are secured by:

- (a) Legal mortgage of one of the Group's freehold properties and investment properties with net book value amounting to \$2,923,351 (Note 3) and \$934,048 (Note 5) respectively and
- (b) Joint and several personal guarantees by the directors of two of the subsidiary companies.

15 Deferred Taxation

	Group 2002 \$
Deferred taxation arises as a result of:	
Excess of net book value over tax written down value of fixed assets	415,068

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

16 Share Capital

The Company	Number of shares	2002 \$
Authorised:-		
- 100,000 ordinary shares of \$1 each at date of incorporation	100,000	100,000
- Increase in authorised share capital of 49,900,000 ordinary shares of \$1 each during the period	49,900,000	49,900,000
	50,000,000	50,000,000
- Increase in share by subdivision	450,000,000	-
- 500,000,000 ordinary shares of \$0.10 each	500,000,000	50,000,000
Issued and paid-up capital:-		
At beginning of the period:		
- Issued and fully paid on incorporation	2	2
During the period		
- Issue of 11,426,092 ordinary shares of \$1 each to acquire subsidiary companies	11,426,092	11,426,092
	11,426,094	11,426,094
- Increase in share by subdivision	102,834,846	-
- 114,260,940 ordinary shares of \$0.10 each	114,260,940	11,426,094
- Public issue 22,000,000 new ordinary shares of \$0.10 each at a premium of \$0.10 per share	22,000,000	2,200,000
At end of the period	136,260,940	13,626,094

During the financial period, the Company was incorporated with an authorised share capital of \$100,000 comprising 100,000 ordinary shares of \$1 each and an issued share capital of \$2, comprising 2 ordinary shares of \$1 each.

At an extraordinary general meeting held on 21 June 2002, the then shareholders of the Company approved, *inter alia*, the following:

- (i) the increase in the authorised share capital from \$100,000 divided into 100,000 ordinary shares of \$1 each to \$50,000,000 divided into 50,000,000 ordinary shares of \$1 each; and
- (ii) the authorisation for the Directors, pursuant to Section 161 of the Companies Act, Cap. 50, to issue shares in the capital of the Company pursuant to the Restructuring Exercise on 11 April 2002;

At a subsequent extraordinary general meeting held on 22 June 2002, the then shareholders of the Company approved, *inter alia*, the following:

- (i) the sub-division of each ordinary share of \$1 each in the authorised and issued and paid-up share capital of the Company into 10 ordinary shares of \$0.10 each respectively; and
- (ii) the issue of 22,000,000 new ordinary shares of \$0.10 each in the capital of the Company pursuant to the initial public offering of the Company such shares to rank *pari passu* in all respects with the then existing issued and fully paid-up shares of the Company.

17 Share Premium

	Group and Company 2002 \$
Share premium arising from public issue of 22,000,000 ordinary shares of \$0.10 each at a premium of \$0.10 each	2,200,000
Initial public offering expenses	(870,679)
	1,329,321

Included in the initial public offering expenses are fees of \$185,606 paid to auditors of the Company, acting as Reporting Accountants. The application of the share premium account is governed by Sections 69-69F of the Companies Act, Chapter 50.

18 Revenue

	Group 2002 \$	Company 2002 \$
Income from road construction	25,884,898	-
Income from road maintenance	25,933,360	-
Dividend income from subsidiary companies	-	819,000
Management fee from subsidiary companies	-	1,026,000
	51,818,258	1,845,000

19 Other Income

	Group 2002 \$	Company 2002 \$
Rental income	60,163	-
Gain on disposal of fixed assets	24,715	-
Bank fixed deposits interest income	29,318	-
Others	41,269	-
	155,465	-

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

20 Profit From Operations

The profit from operations is determined:

	Note	Group 2002 \$	Company 2002 \$
After charging:			
Auditors' remuneration			
- Audit		42,400	15,000
- Non Audit		3,900	1,000
Amortisation of goodwill	6	239,203	-
Directors' remuneration		1,201,354	680,990
Directors' fee		505,000	60,000
Preliminary expenses written off	2(s)	6,648	3,760
Depreciation of fixed assets	3	1,543,469	16,500
Loss on disposal of fixed assets		28,982	-
Fixed assets written off		106,997	-
Interest			
- Bank overdrafts		11,700	-
- Bank long term loans		113,030	-
- Hire purchase		96,707	496
Staff costs	21	690,773	80,080
And crediting:			
Bank fixed deposit interest income		29,318	-
Gain on disposal of fixed assets		24,715	-

The number of directors of the Company in remuneration bands is as follows:

	Executive Directors	Non-Executive Directors	Total
\$500,000 and above	-	-	-
\$250,000 to \$499,999	4	-	4
Below \$250,000	1	3	4
	5	3	8

21 Number of Employees

The number of employees in the Group and the Company as at 31 December 2002 were 409 and 10 respectively.

22 Finance Costs

	Group 2002 \$	Company 2002 \$
Interest:		
- Banks overdrafts	11,700	-
- Bank long term loans	113,030	-
- Hire purchase	96,707	496
	221,437	496

23 Taxation

	Group 2002 \$	Company 2002 \$
Current tax expense		
Current period	937,168	184,638
Under provision in respect of prior years	75,153	-
	1,012,321	184,638

Reconciliation of effective tax rate

Group	2002 %	2002 \$
Profit before taxation		3,234,984
Income tax using Singapore tax rates	22.0	711,696
Tax effect of consolidation eliminating entries	4.7	153,637
Income not allowed for tax purposes	0.2	(5,437)
Expenses not deductible for tax purposes	13.1	425,233
Expenses allowed for further deductions	(0.1)	(2,885)
Utilisation of capital allowances	(9.8)	(316,679)
Under provision in respect of prior years	2.3	75,153
Tax exemption	(1.1)	(34,650)
Others	0.2	6,253
	31.5	1,012,321

Company	2002 %	2002 \$
Profit before taxation		867,781
Income tax using Singapore tax rates	22.0	190,912
Tax exemption	(1.3)	(11,550)
Expenses not deductible for tax purposes	0.9	8,161
Expenses allowed for further deductions	(0.3)	(2,885)
	21.3	184,638

24 Dividend

	Group 2002 \$	Company 2002 \$
Dividend of 0.49 cent per share - tax exempt	668,000	668,000

The directors now recommend a final tax exempt dividend of 0.49 cent per share amounting to \$668,000 in respect of the financial period under review.

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

25 Related Party Transactions

- (i) Some of the directors have interest in the related parties. Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.
- (ii) In addition to the related party information disclosed elsewhere in the accounts, there were the following significant related party transactions took place during the period on terms agreed between the parties:

	Group 2002	Company 2002
	\$	\$
Subsidiary Companies		
Advance to a related party	-	200,000
Management fee charged to subsidiary companies	-	1,026,000
Dividend income receivable from subsidiary companies	-	819,000
Related Parties		
Purchases of motor vehicles	348,228	81,500
Provision of legal services	133,078	118,750
Sale of fixed assets	8,000	-
Purchase of fixed assets	27,000	-
Sale of properties to directors	600,000	-
Provision of management consultancy services	25,000	-

26 Earnings Per Share

Earnings per share is calculated by dividing the Company's net profit by the numbers of shares in issue during the period as shown below:

	Group 2002
	\$
Basic earnings per share is based on:	
Net profit for the period	2,222,663
Number of shares issued:	
Issued and paid-up capital:-	
	Number of shares
At beginning of the period:	
- Issued and fully paid on incorporation	2
During the period	
- Issue of 11,426,092 ordinary shares of \$1 each to acquire subsidiary companies	11,426,092
	<u>11,426,094</u>
- Increase in share by subdivision	102,834,846
	<u>114,260,940</u>
- 114,260,940 ordinary shares of \$0.10 each	114,260,940
- Public issue 22,000,000 new ordinary shares of \$0.10 each at a premium of \$0.10 per share	22,000,000
At end of the period	136,260,940

27 Cash and Cash Equivalents

	Group 2002 \$
Fixed deposits	4,522,579
Cash and bank balances	4,947,876
	9,470,455

28 Contingent Liabilities

	Group 2002 \$
Performance bonds	11,464,156

29 Financial Instruments and Risk Management

(a) Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The Group has adopted a policy to focus on government bodies as its customers due to their low default risk on billings and prompt payments.

(b) Significant concentration of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similar affect Group of counterparties whose aggregate credit exposure is significant in relation to the Group total credit exposure.

(c) Interest rate risk

The Group is exposed to variation in interest rates as the Group has bank borrowings. The interest rates for the bank borrowings are disclosed in the respective notes above. The Group does not have specific policy to manage this risk.

(d) Foreign currency risk

The Group is not exposed to any foreign exchange rate risk as its purchases and sales are denominated in Singapore dollars.

(e) Liquidity risk

The directors are of the view that the Group has no liquidity risk as a substantial portion of its financial assets and financial liabilities are due within one year and it can finance its operations from existing shareholders' fund.

(f) Fair value of financial assets and liabilities

The fair value of financial assets and financial liabilities of the Group at the balance sheet date comprise mainly monetary assets and liabilities and the directors are of the opinion that reported in the balance sheet approximates their carrying amounts.

Notes to the Accounts

for the period ended
31 December 2002 (Continued)

(g) Effective interest rates and repricing analysis:

In respect of interest-bearing financial assets and liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they are repriced.

Group	Effective Interest Rate %	Total \$	Within 1 year \$	1 to 5 years \$
Financial Assets 2002				
Cash and cash equivalents	0.65% - 0.66%	9,470,455	9,470,455	-
Financial Liabilities 2002				
Hire purchase creditors	6.71% - 6.72%	(1,757,567)	(786,090)	(971,477)
Bank long term loans	5.32% - 5.33%	(2,005,697)	(140,016)	(1,865,681)
		(3,763,264)	(926,106)	(2,837,158)
Company				
Financial Assets 2002				
Cash and cash equivalents	-%	92,177	92,177	-
Financial Liabilities 2002				
Hire purchase creditors	1.85% - 1.87%	(53,200)	(11,400)	(41,800)

30 Segmental Information

The Group is primarily engaged in two business segments, namely road construction and road maintenance. The Group adopts these two business segments as the basis for its primary segment information. Details are presented below:

(a) Business Segments

Statement of Group results for period ended 31 December 2002

	Road Construction \$'000	Road Maintenance \$'000	Elimination \$'000	Group \$'000
Revenue				
External sales	25,885	25,933	-	51,818
Inter-company sales	-	8,806	(8,806)	-
Total revenue	25,885	34,739	(8,806)	51,818
Results				
Segment result				7,217
Other income				155
Administrative expenses				(3,780)
Other operating expenses				(136)
Profit from operations				3,456
Finance costs				(221)
Profit before taxation				3,235
Taxation				(1,012)
Profit after taxation				2,223
Statement of Net Assets				
Segment assets	3,816	8,977	-	12,793
Unallocated assets	-	-	-	20,959
Total Assets	3,816	8,977	-	33,752
Unallocated liabilities				12,891
Total Liabilities				12,891

(b) Geographical Segments

The Group operates predominantly in Singapore.

31 Comparative Figures

There are no comparative figures of the Company as this is the first set of financial statements since its incorporation and the Group was only formed during the current period.



*Widening of Buangkok Green
from Hougang Avenue 4
to Buangkok Drive*

Statistics of Shareholdings

as at 17 March 2003

Authorised Share Capital	:	S\$50,000,000
Issued and Fully Paid-up Capital	:	S\$13,626,094
Number of Shares	:	136,260,940
Class of Shares	:	Ordinary share of S\$0.10 each
Voting Rights	:	One vote per share

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	-	-	-	-
1,000 - 10,000	1,530	84.62	5,031,000	3.69
10,001 - 1,000,000	267	14.77	18,133,000	13.31
1,000,001 and above	11	0.61	113,096,940	83.00
Total :	1,808	100.00	136,260,940	100.00

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Name of Shareholders	Direct No. of Shares	Direct Interest %	Deemed No. of Shares	Deemed Interest %
Or Kim Peow Investments Pte Ltd	89,901,940	65.98	-	-
Or Kim Peow	(a) 4,730,000	3.47	89,901,940	65.98

(a) Mr Or Kim Peow's deemed interests include 89,901,940 shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act (Cap.50, Singapore Statutes)

Twenty Largest Shareholders

Name	No. of Shares	%
1. Or Kim Peow Investments Pte Ltd	89,901,940	65.98
2. Or Kim Peow	4,730,000	3.47
3. Ang Beng Tin	2,936,000	2.15
4. Or Kiam Meng	2,838,000	2.08
5. Or Lay Huat Daniel	2,838,000	2.08
6. Or Toh Wat	2,838,000	2.08
7. Or Lay Hong	2,036,000	1.49
8. Or Lay Wah	1,468,000	1.08
9. Oh Kim Poy	1,423,000	1.04
10. Oh Enc Nam	1,044,000	0.77
11. Or Yew Whatt	1,044,000	0.77
12. Or Lay Tin	946,000	0.69
13. Liao Yan Keng	831,000	0.61
14. OCBC Securities Private Ltd	493,000	0.36
15. Ng Kim Hong	400,000	0.29
16. Stone Robert Alexander	397,000	0.29
17. Goh Kwang Chay	375,000	0.28
18. Yang Pow Si	375,000	0.28
19. Wallstraits.Com Pte Ltd	346,000	0.25
20. Chua Geok Lin	300,000	0.22
Total :	117,559,940	86.26

Rule 723 of the SGX Listing Manual - Free float

As at 17 March 2003, there were 21,818,000 shares in the hands of the public as defined in the SGX Listing Manual, representing 16% of the issued share capital of the Company. The Company confirms that Rule 723 of the Listing Manual is complied with.

NOTICE IS HEREBY GIVEN that the First Annual General Meeting (“AGM”) of OKP HOLDINGS LIMITED (“the Company”) will be held at The Grassroot’s Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Wednesday, 30 April 2003 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors’ Report and the Audited Accounts for the period from 15 February 2002 (date of incorporation) to 31 December 2002 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt dividend of 0.49 cent per ordinary share for the period from 15 February 2002 (date of incorporation) to 31 December 2002. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 117 of the Company’s Articles of Association:-
Ms Ang Beng Tin **(Resolution 3)**
Mr Or Kiam Meng **(Resolution 4)**
Mr Oh Enc Nam **(Resolution 5)**
Dr Chen Seow Phun, John **(Resolution 6)**
Mr Loo Choon Chiaw **(Resolution 7)**
Mr Tan Boen Eng **(Resolution 8)**

Dr Chen Seow Phun, John, Mr Loo Choon Chiaw and Mr Tan Boen Eng will, upon re-election as Directors of the Company, remain as members 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.
4. To approve the payment of Directors’ fees of S\$60,000.00 for the period from 15 February 2002 (date of incorporation) to 31 December 2002. **(Resolution 9)**
5. To re-appoint Messrs Nexia Tan & Sitoh as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**
6. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:-

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue Shares or convertible securities from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such person as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares and convertible securities issued pursuant to such authority shall not exceed 50% of the issued share capital of the Company for the time being, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed 20% of the issued share capital of the Company for the time being (the percentage of issued share capital being based on the issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or on the date by which the next AGM is required by law to be held, whichever is earlier. [see explanatory note] **(Resolution 11)**

BY ORDER OF THE BOARD

WEE WOON HONG
Company Secretary
Singapore
11 April 2003

Notice of Annual General Meeting

(Continued)

NOTE:

- (i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote instead of him.
- (ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 6 Tagore Drive, #B1-06 Tagore Industrial Building, Singapore 787623 not less than 48 hours before the time appointed for holding the above Meeting.

EXPLANATORY NOTES:

The Ordinary Resolution proposed in item 7 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total fifty per cent (50%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed twenty per cent (20%) of the issued capital of the Company for the time being. The percentage of issued capital is based on the Company's issued capital at the time the proposed Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion of convertible securities or employee share options on issue at the time the proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a General Meeting, expire at the next Annual General Meeting of the Company.

NOTICE OF BOOKS CLOSURE AND DIVIDENDS PAYMENT DATES

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2003 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd at 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 11 May 2003 will be registered to determine shareholders' entitlements to such dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 May 2003 will be entitled to the proposed dividend.

Payment of the dividend, if approved by shareholders at the First AGM to be held on 30 April 2003, will be made on 29 May 2003.

BY ORDER OF THE BOARD

WEE WOON HONG

Company Secretary

11 April 2003

OKP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

I/We, _____ (Name)

of _____ (Address)

being a member/members of OKP HOLDINGS LIMITED ("the Company") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held on Wednesday, 30 April 2003 at 2.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions relating to:	For*	Against*
1	Directors' Report and Audited Accounts for the period from 15 February 2002 (date of incorporation) to 31 December 2002		
2	Payment of proposed first and final tax exempt dividend		
3	Re-election of Ms Ang Beng Tin as a Director		
4	Re-election of Mr Or Kiam Meng as a Director		
5	Re-election of Mr Oh Enc Nam as a Director		
6	Re-election of Dr Chen Seow Phun, John as a Director		
7	Re-election of Mr Loo Choon Chiaw as a Director		
8	Re-election of Mr Tan Boen Eng as a Director		
9	Approval of Directors' fees amounting to S\$60,000.00		
10	Re-appointment of Messrs Nexia Tan & Sitoh as Auditors		
11	Authority to allot and issue new shares		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this _____ day of _____, 2003.

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

NOTES

1. A member entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and 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 will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 6 Tagore Drive, #B1-06 Tagore Industrial Building, Singapore 787623 not less than 48 hours before the time set for the AGM.
6. This proxy form must be 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 its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on 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 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.