

CONSTANCY
& STABILITY

annual report 2004

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The image of rocks surrounded by water is the very picture of constancy and stability. The rocks' ability to weather any storm without being swept away represents the company's resilience in the face of trying times. Though rough weather may cause waves to beat upon them, they remain as always – resolute and constant. Rocks also represent the firm foundation and unwavering vision upon which our company is built - making us a reliable partner to all our clients.

C O N S T A N C Y & S T A B I L I T Y

OUR VISION AND MISSION



OUR VISION

To be a leading regional transport infrastructure builder and civil engineering company in Singapore, and to be the premium provider of technical management services in the region and beyond.



OUR MISSION

To be the first and preferred choice
of contractor for land transport
infrastructure and civil engineering
projects in Singapore and the region.



OUR GUIDING PRINCIPLES



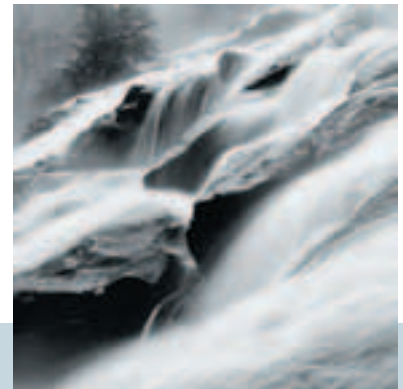
1966-2004
38 YEARS OF EXCELLENCE

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.



OKP Holdings Limited ("OKP") is involved in road and building construction and road maintenance in Singapore. The Company has four subsidiary companies namely Or Kim Peow Contractors (Private) Limited, Eng Lam Contractors Co (Pte) Ltd, OKP Technical Management Pte. Ltd. and OKP Investments (China) Pte Ltd.

Incorporated in Singapore on 15 February 2002 as an investment holding company and subsequently listed on the Singapore Exchange of Singapore Dealing and Automated Quotation System ("SESDAQ") on 26 July 2002, OKP was established in 1966 by Founder and Chairman, Mr Or Kim Peow, PBM.

The Group has two core business segments, namely Road and Building Construction and Road Maintenance. It mainly tenders for government civil engineering and infrastructure construction projects, which involve the construction of urban and arterial roads, expressways, vehicular bridges and flyovers, as well as the maintenance of roads and road-related facilities.

Presently, OKP's clientele is mainly from the public sector that includes the Land Transport Authority ("LTA"), the Housing Development Board ("HDB"), the Jurong Town Corporation ("JTC"), the Defence Science and Technology Agency ("DSTA"), the Civil Aviation Authority of Singapore ("CAAS") and the Public Utilities Board ("PUB").

OKP intends to explore the road construction and maintenance business from larger emerging markets such as China, India and Cambodia through adopting a prudent approach in forming strategic alliances with local partners. ■

CHAIRMAN'S STATEMENT



“We remain focussed on the areas where we do best – Road and Building Construction and Road Maintenance, and we will continuously seek ways to strengthen our niche positioning in these sectors”

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I take great pleasure in presenting our annual report for the financial year ended 31 December 2004.

FY2004 was a successful year for us. We remained profitable and strong despite the continued weakness and intense competition in the construction industry. With prudent management and careful planning, we emerged as a stable and viable business among a shrinking field of players. While we continued to tender for new projects, we were selective in the projects for which we tendered, as only new projects with respectable margins and profitability were considered.

During the year, we were kept busy with projects secured primarily in Singapore. While we embarked on our regional expansion plan last year, we remain cautious, vigilant and prudent in our overseas investments. We are currently engaging in talks with a local Chinese counterpart in bidding for new projects. Nevertheless, we will continue to work with our partners in tendering for new projects when suitable opportunities arise.

We successfully completed the construction of Dunman View Condominium last year, our first building project in our 38 years history. This achievement demonstrated that OKP has

the necessary skills and expertise to move up the value chain to become a total solutions provider, capable of competing and tendering for projects that involved both civil engineering and building works.

While we will continue to look for business synergies with our Group's business, we will focus primarily on our core business of road and building construction and road maintenance in the near future.

Strong and Solid Projects on Hand

OKP enters confidently into FY2005 with a strong defensive order book of \$155.5 million as at 31 December 2004, of which \$62.3 million is expected to be recognised as revenue for FY2005 and thereafter.

Major projects that we have completed in FY2004 include the Construction of Dunman View Condominium (valued at \$10.5 million), the Improvement to Old Roadside Drains in Kembangan Estate (valued at \$5.5m), the Improvement to Old Roadside Drains (valued at \$4.6m) and the Improvement to Old Roadside Drains in Rosyth and Hillside Estate (valued at \$7.6 million).

We successfully tendered for and were awarded eight new projects in FY2004, with a combined contract value of approximately \$67.6 million. These include the widening of Pan-Island Expressway from Kranji Expressway to Jalan Ahmad Ibrahim and the Maintenance of Road in the East and West Sector with project values of \$22.2 million and \$14.0 million respectively.

We are also currently working on other projects which we had secured earlier, including our first "design and build" project in the widening of Bukit Timah Expressway from Kranji Expressway to Seletar Expressway valued at \$21.6 million and the reconstruction and expansion of vehicular bridge at Ayer Rajah Expressway across Sungei Pandan valued at \$9.2 million. Both projects are expected to be completed in FY2005.

Financial Results

Despite the intense competition faced in the construction industry, we are pleased to inform shareholders that our Group's revenue has reported an upsurge of 28.1%, from \$56.8 million in FY2003 to \$72.7 million in FY2004. The major contributor to the revenue growth came from the new projects which were awarded in the first half of 2004. Our road and building construction segment recorded a 65.4% improvement in revenue from \$32.7 million in FY2003 to \$54.1 million in FY2004. This resulted in the change of revenue structure between road and building construction revenue and road maintenance revenue from 58% against 42% in FY2003 to 74% against 26% for FY2004.

Gross profit dipped 24.4% from \$7.2 million in FY2003 to \$5.4 million in FY2004, primarily due to lower gross profit margin earned from some existing projects. Correspondingly, profit before taxation decreased from \$2.7 million in FY2003 to \$1.7 million in FY2004, partly offset by a decrease in administrative expenses. Profit after taxation increased by \$0.2 million to \$1.6 million in FY2004, due to lower taxation.

Net tangible assets per share improved from 11.9 cents in FY2003 to 12.6 cents in FY2004 while earnings per share increased from 1.03 cents to 1.15 cents for the same corresponding period. As at 31 December 2004, amidst the poor market condition, cash and cash equivalents achieved growth of 14.8% to \$11.9 million in FY2004. Net cash inflow generated from operational activities improved by 32.6% from \$3.2 million in FY2003 to \$4.2 million in FY2004, because of stronger operational performance.

CHAIRMAN'S STATEMENT [CONT'D]**Moving Forward**

Barring unforeseen circumstances, with our current list of projects on hand, our Group is on track towards a sustainable growth FY2005 in business in FY2005. With our good track record, disciplined management, expertise, reputation and work quality, we are in a strong position to meet our customers' needs. We will remain focussed on the areas where we do best – road and building construction and road maintenance and we will continuously seek ways to strengthen our niche positioning in these sectors.

While we will continue to explore suitable opportunities beyond our shores, we will remain prudent and will only consider projects that are commercially viable. Any projects that we tender for will be subject to careful planning and will have to meet our objectives of profitability and viability.

Further, we will continue to focus on our strengths in home soil and tender primarily for government or government-related projects. While we continue to build our project list on hand, we will be selective in our tenders. Our priority will be to achieve consistent long-term profitability by tendering for projects that yield reasonable returns. With a shrinking pool of players, we believe that companies with good management and that are financially strong will do well in the long term.

My team and I will continue to work hard in the coming years. Being prudent in our financial management has served us well in the past, and we wish to assure our shareholders that we will continue to minimise unnecessary costs and expenses, with an eye on our profits and maximise your investment. With our strong list of projects on hand, greater operational efficiencies, improved productivity and focus on internal cost control, OKP is well positioned to perform stronger in the years to come.

Dividend

The Board of Directors is pleased to recommend a first and final one-tier tax exempt dividend of 0.49 cents per share for the year ended 31 December 2004.

A Note of Appreciation

I wish to express our sincere appreciation to the management and staff for their commitment, hard work and dedication to the Company. On behalf of the directors, I would also like to thank our valued customers, business associates, suppliers and shareholders for their unwavering support, continued contribution and confidence in OKP. A word of gratitude is also due to my Board of Directors for their invaluable advice. Together, we will continue to grow strength in strength, achieving excellence and a rewarding tomorrow. ■



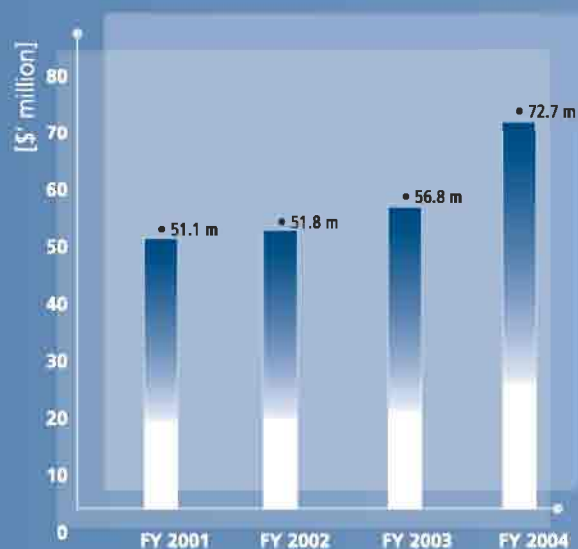
Or Kim Peow, PBM
Group Chairman
28 March 2005

PROFIT AND LOSS STATEMENT	Actual FY2004	Actual FY2003	Actual FY2002	Proforma FY2001
\$'000				
Revenue - Road and Building Construction	54,129	32,734	25,885	25,885
Revenue - Road Maintenance	18,581	24,022	25,933	25,194
Total revenue	72,710	56,756	51,818	51,079
EBITDA	3,443	4,746	5,239	6,874
Profit before interest and taxation				
- Road and Building Construction	714	1,773	1,668	3,391
- Road Maintenance	1,176	1,098	1,788	2,168
Finance costs	178	189	221	320
Profit before taxation	1,713	2,682	3,235	5,239
Profit after taxation	1,562	1,408	2,223	3,926
BALANCE SHEET				
\$'000				
Current assets	31,546	24,653	22,960	16,067
Current liabilities	20,806	13,305	13,322	10,479
Total assets	41,336	34,196	33,752	24,683
Total borrowings	3,219	3,500	3,763	4,423
Shareholders' equity	18,917	17,918	17,178	11,205
Cash and cash equivalents	11,935	10,400	9,471	6,105
Net tangible assets	17,229	16,230	15,254	11,155
FINANCIAL RATIOS				
Profitability Ratio				
Return on assets (%)	5.05	8.45	11.83	21.49
Return on equity (%)	9.30	15.28	22.80	56.69
Liquidity Ratio				
Current ratio (times)	1.52	1.85	1.72	1.53
Cash as a percentage of NTA (%)	69.27	64.08	62.09	74.73
Net tangible assets per share (cents)	12.64	11.91	11.19	8.19
Leverage Ratio				
Debts to equity ratio (times)	0.17	0.20	0.22	0.39
Interest cover (times)	10.60	15.19	15.64	17.37
Investors' Ratio				
Earnings per share (cents)	1.15	1.03	1.63	2.88
Gross dividend per share (cents)	0.49	0.41	0.49	n.a.
Gross dividend yield (%)	4.50	2.70	4.90	n.a.
Dividend cover (times)	2.78	2.16	3.33	n.a.
Productivity Ratio				
Number of employees	398	387	409	346
Revenue/employee (\$'000)	182.7	146.7	126.7	147.6

OVERVIEW

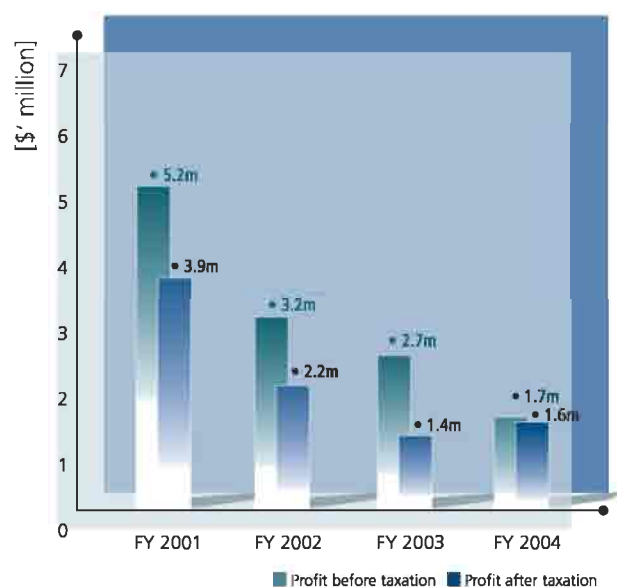
CONSISTENT GROWTH & PROFITABILITY

Revenue



The Group continued to chart its growth trend and achieved consistent profitability amidst weak construction sentiments. During the year, the Group registered healthy revenue of \$72.7 million in FY2004, a 28.1% surge from \$56.8 million in FY2003.

Profitability

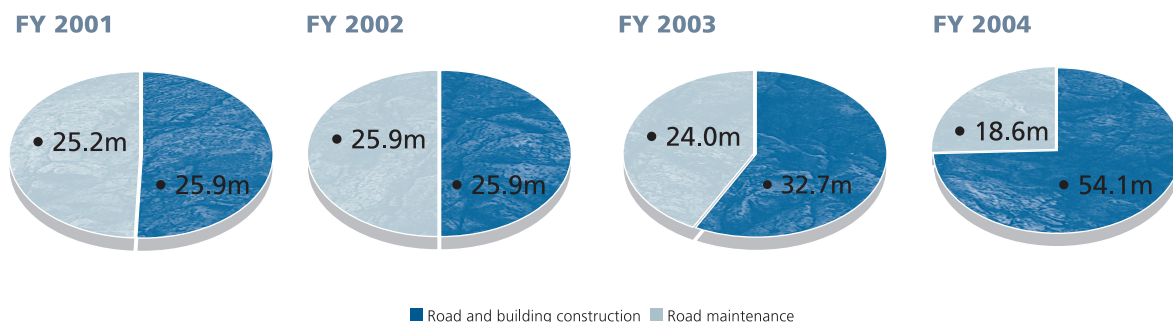


Profit before taxation reported a dip of 36.2% from \$2.7 million in FY2003 to \$1.7 million in FY2004. The main reason for the drop was the lower aggregate profit margin from the road and building construction segment, which was partly offset by an increase in profit before interest and tax from the road maintenance segment. The decline was also offset by a decrease in administrative expenses of \$0.6 million or 12.7% in FY2004, which was mainly due to a lower allowance for impairment loss arising from freehold properties and investment property compared to the previous year and cessation of goodwill amortisation following our adoption of new and revised Financial Reporting Standards during FY2004.

Profit after taxation increased by 10.9% from \$1.4 million in FY 2003 to \$1.6 million in FY2004. This was largely due to the reduction in taxation wherein corporate tax rate was reduced from 22% to 20%, recognition of deferred tax assets and reversal of over provision of taxes with respect to prior years. As a result, taxation decreased from \$1.3 million in FY2003 to \$0.2 million in FY2004.

SEGMENTAL PERFORMANCE

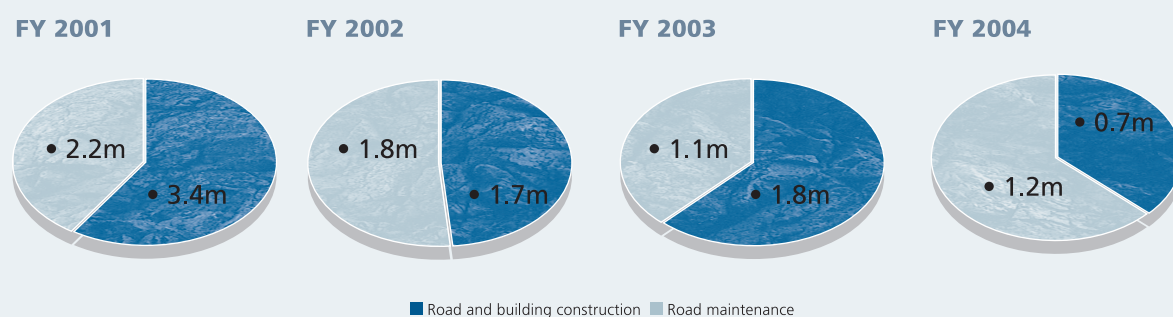
Revenue by Business Segments [\$' million]



The upsurge in Group's revenue was boosted by the strong performance in the road and building construction segment, which contributed 74.4% of the total revenue recorded in FY2004. This segment churned out revenue of \$54.1 million in FY2004, a 65.4% increase from \$32.7 million in FY2003.

Due to a lower percentage of revenue recognised from previously awarded and substantially completed road maintenance projects in the second half of FY2004, the total revenue increase was dampened by the 22.7% decrease in road maintenance revenue in FY2004.

Profit Before Interest and Taxation by Business Segments [\$' million]



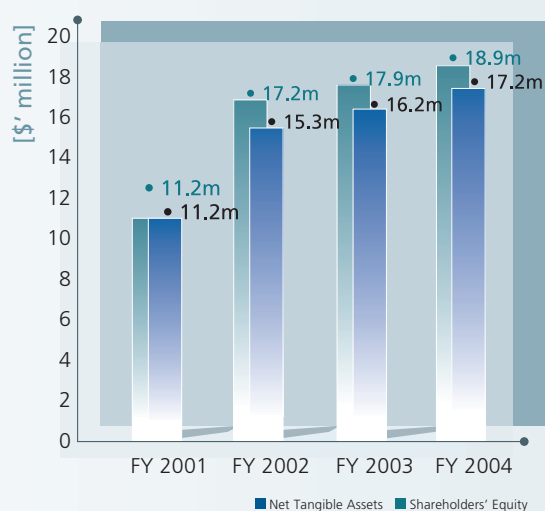
The Group's road and building construction segment continued its robust growth in FY2004. Due to lower profit margin by some existing projects, profit before taxation for this segment dipped by 59.7% to \$0.7 million in FY2004 from \$1.8 million in FY2003.

The Group's continuous cost control effort have yielded results in its road maintenance segment. Profit before interest and tax improved by 7.1% from \$1.1 million in FY2003 to \$1.2 million in FY2004 despite a 22.7% drop in revenue in this segment.

FINANCIAL REVIEW [CONT'D]

BALANCE SHEET

Shareholders' Equity and Net Tangible Assets



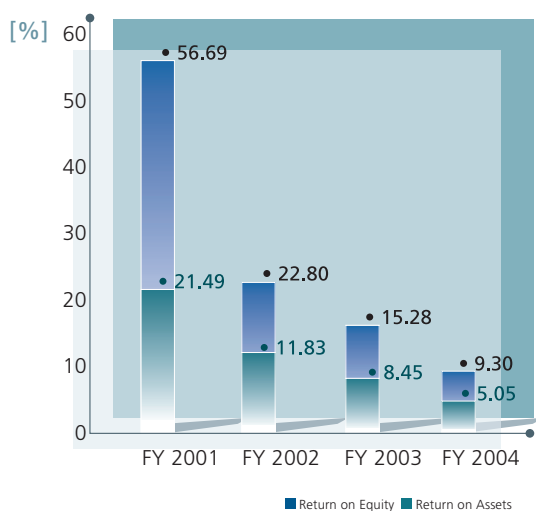
Shareholders' equity increased by \$1.0 million from \$17.9 million as at 31 December 2003 to \$18.9 million as at 31 December 2004. This was mainly due to profit generated from operations.

The Group's net tangible assets rose from \$16.2 million as at 31 December 2003 to \$17.2 million as at 31 December 2004. The \$1.0 million increase was due to profit generated from operations in FY2004.

FINANCIAL RATIO - PROFITABILITY

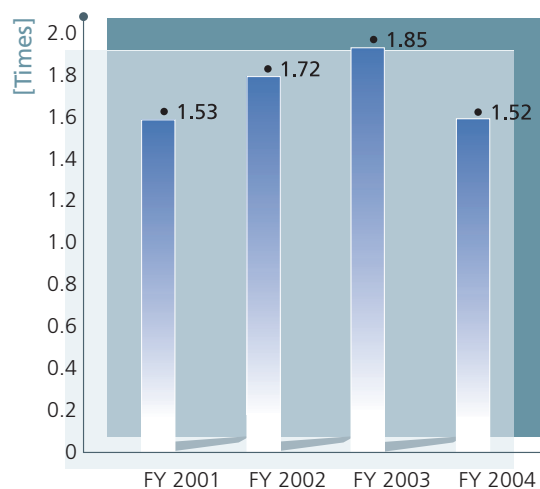
FINANCIAL RATIO - LIQUIDITY

Return on Assets and Equity



Due to lower profit generated, return on equity and return on assets dipped to 9.3% and 5.05% respectively.

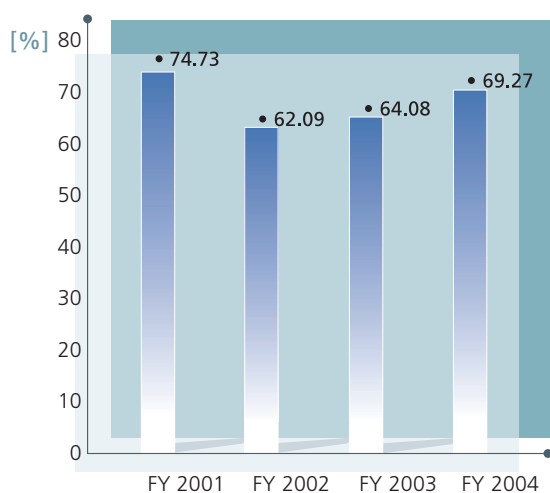
Current Ratio



Current ratio remained attractive at 1.52 times. The Group is still running efficiently despite the drop from 1.85 times in FY2003. The Group will continue to strengthen its credit control and working capital management efforts.

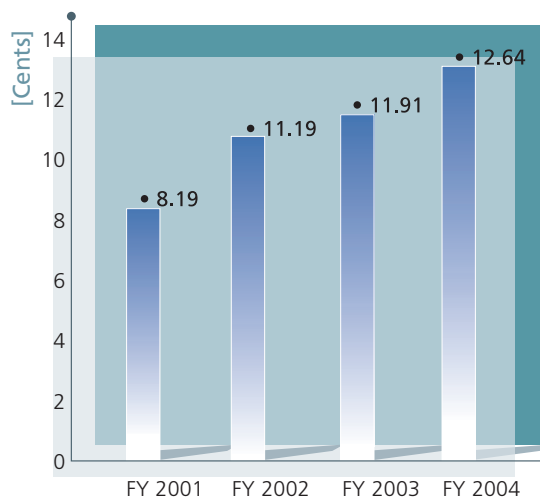
FINANCIAL RATIO - LIQUIDITY

Cash as a Percentage of Net Tangible Assets



Owing to better cash management, the Group's cash as a percentage of NTA increased by 8.1% or 5.19 points to 69.27% in FY2004.

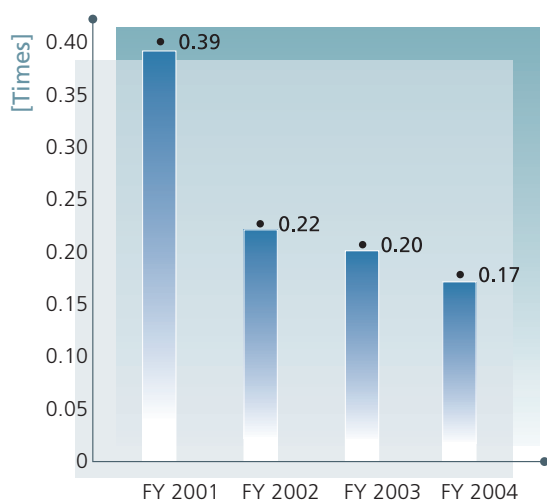
Net Tangible Assets per Share



The Group's net tangible assets per share rose from 11.91 cents as at 31 December 2003 to 12.64 cents as at 31 December 2004, due to profit generated from operations as explained above.

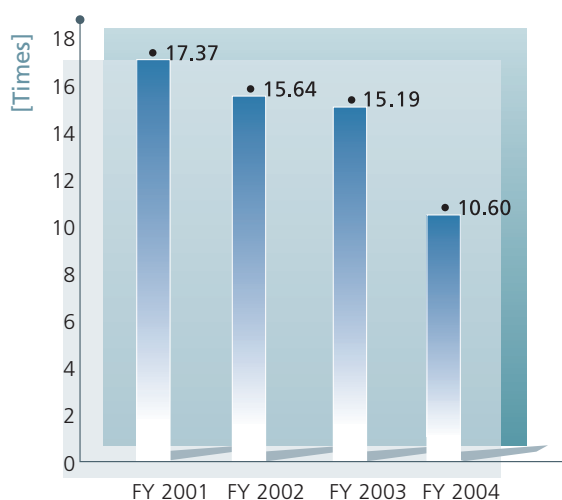
FINANCIAL RATIO - LEVERAGE

Debts to Equity Ratio



The Group's debts to equity ratio decreased from 0.20 times as at 31 December 2003 to 0.17 times as at 31 December 2004. During the year, the Group repaid part of its long-term bank loans and its shareholder's equity improved.

Interest Cover

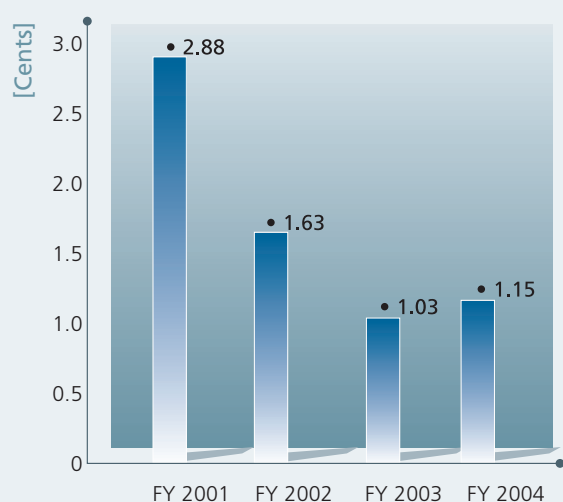


The Group's interest cover decreased from 15.19 times in FY2003 to 10.6 times in FY2004, due to lower profit generated.

FINANCIAL REVIEW [CONT'D]

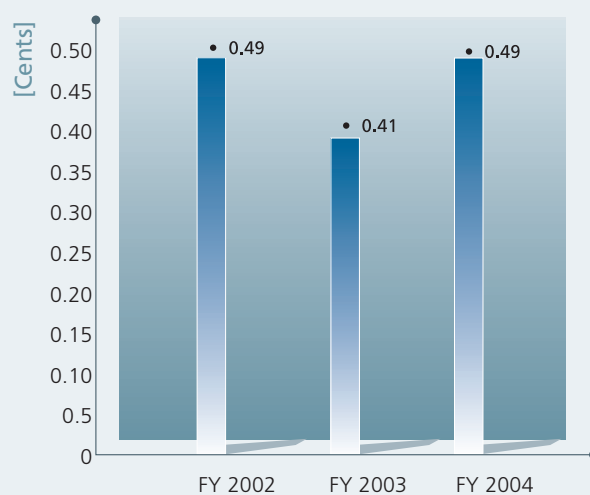
INVESTORS' RATIOS

Earnings per Share



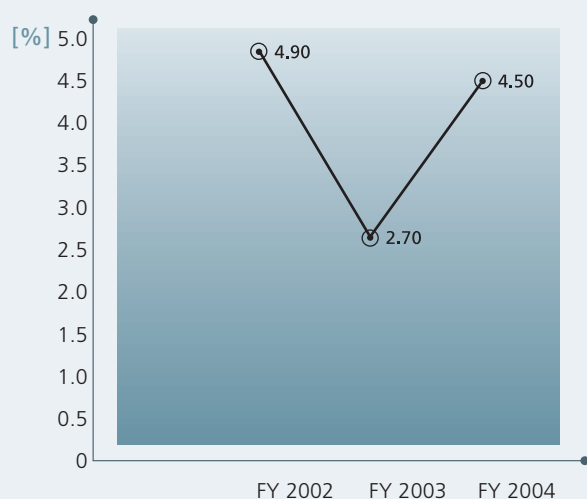
Earnings per share improved from 1.03 cents in FY2003 to 1.15 cents in FY2004. The increase was mainly due to higher profit generated during FY2004.

Gross Dividend per Share



Gross dividend per share increased from 0.41 cents for FY2003 to 0.49 cents for FY2004 due to higher dividend declared in respect of FY2004.

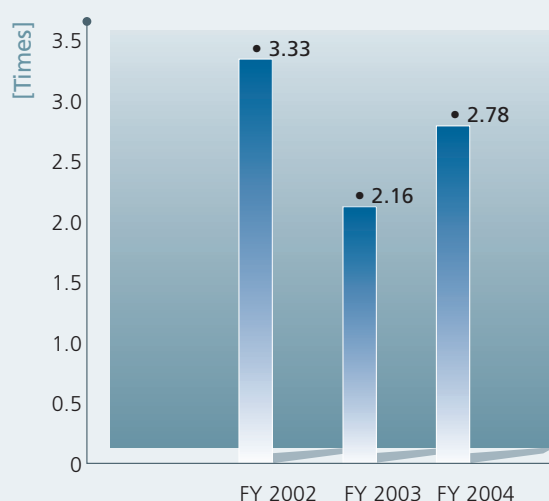
Gross Dividend Yield



The gross dividend yield of 4.5% is calculated based on the share price of 11 cents as at 7 January 2005.

The gross dividend yield for FY2002 and FY2003 is calculated based on the share price of 10 cents and 15 cents respectively.

Dividend Cover



Dividend cover improved from 2.16 times to 2.78 times due to higher dividend declared in respect of FY2004.

VALUE ADDED STATEMENT

	FY2004 \$'000		FY2003 \$'000		FY2002 \$'000	
Revenue	72,710		56,756		51,818	
Less: purchase of goods & services	(58,773)		(42,488)		(36,919)	
Value added from operations	13,937		14,268		14,899	
Other income	445		272		155	
Gain / (loss) on foreign exchange	(6)		(4)		-	
Share of losses of associated company	(16)		-		-	
	423		268		155	
Total value added available for distribution	14,360		14,536		15,054	
Distribution		%		%		%
To employees						
(1) Salaries and other staff costs	10,852	76	9,780	67	9,813	65
To government						
(1) Corporate and property taxes	167	1	1,282	9	1,014	7
To providers of capital						
(1) Finance costs	178		189		221	
(2) Dividends to shareholders	667		563		668	
	845	6	752	5	889	6
Balance retained in the business						
(1) Depreciation and amortisation	1,553		1,877		1,783	
(2) Unappropriated profits	895		845		1,555	
	2,448	17	2,722	19	3,338	22
Non-production costs and income						
(1) Allowances for doubtful receivables (trade)	48		-		-	
Total Value Added	14,360	100	14,536	100	15,054	100
Productivity analysis						
Number of employees	398		387		409	
Value added per employee	36		38		37	
Value added per dollar of employment cost	1.32		1.49		1.53	
Value added per dollar of investment in properties, plant and equipment (before depreciation)	0.86		0.96		1.04	
Value added per dollar of revenue	0.20		0.26		0.29	

Total value added created by the Group in FY2004 amounted to \$14.4 million (FY2003: \$14.5 million).

In FY2003, about \$9.8 million or 67% of the value added was paid to employees in the form of salaries and wages. \$1.3 million or 9% was paid to the government in the form of corporate and property taxes while \$0.8 million or 5% was paid as dividends and interest to financial institutions. A balance of \$2.7 million was retained by the Group for its future growth.

In FY2004, about \$10.9 million or 76% of the value added was paid to employees in the form of salaries and wages. \$0.2 million or 1% was paid to the government in the form of corporate and property taxes while \$0.8 million or 6% was paid as dividends and interest to financial institutions. A balance of \$2.4 million was retained by the Group for its future growth.



GROWTH & STABILITY

OVERVIEW

We have proved ourselves to be strong and unparalleled despite the continued weakness and intense competition faced in the construction sector. While some of our competitors have ceased business operations or reduced the size of their operations, our strong, efficient and prudent management team has led us to achieve another year of growth and profitability.

In FY2004 we completed two road construction projects, three road maintenance projects and a building construction project.

Strong Order Book

We were kept busy with our strong list of projects on hand during the year. We were awarded eight new contracts, with

a combined contract value worth approximately \$67.6 million. This allows us to enter FY2005 confidently with a strong defensive order book of \$155.5 million as at 31 December 2004, of which \$62.3 million is expected to be recognised as revenue for FY2005 and thereafter.

Overseas Ventures

While we have expanded our operations overseas by setting up an associate company in China, we remain vigilant and prudent in the projects for which we have tendered. Currently, we are engaging in talks with a local Chinese counterpart in bidding for new projects. We will continue to work with our various partners in tendering for new projects that would yield reasonable returns when suitable opportunities arise.

ROAD & BUILDING CONSTRUCTION

Road and Building Construction activities experienced a robust growth this year and contributed approximately 74.4% of our Group's revenue in FY2004.

Completed Projects

We completed two road construction projects during the year. They were for the Construction of a Pedestrian Overhead Bridge at Tampines Avenue 5 and the 4 Covered Walkways in Marsiling Division. These projects, with a combined value of \$974,000, were awarded to us by the Housing Development Board ("HDB") and the Sembawang Town Council respectively.



SCA Project



Dunman View Project

A significant milestone was established in our 38 years of operating history when we successfully completed the construction of the Dunman View Condominium, our first high-rise building construction related project. Valued at \$10.5 million, this project consists of two blocks of 18-storey residential flats (a total of 148 residential units), two levels of podium, a common car park and communal facilities. We began the project in September 2003 and substantially completed it in 2004. The successful completion of this project demonstrated our capability to compete and tender for projects that involve both civil engineering and building works. It has not only moved us up the value chain, but also reinforced our credentials as a strong, capable and well-managed company.

Projects on Hand

We are currently working on 13 other road and building construction projects, of which five were secured in FY2004. One of the new projects awarded in 2004 was the Widening of Pan-Island Expressway from Kranji Expressway to Jalan Ahmad Ibrahim, with a contract value of approximately \$22.2 million. This project includes the widening of the at-grade dual 3-lane and 4 hyper lane carriageways, widening and remarking of flyovers and the construction of retaining structures.

We also secured the design and build contract for the Widening of Runway Shoulders and Associated Works at the Singapore Changi Airport, worth approximately \$9.6 million. This project includes the widening of runway shoulders by chemical stabilisation method as well as the construction of services and airfield lighting cable ducting system.

The other new projects that we secured include the Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View and a Proposed Road at Kranji Water Reclamation Plant.



Tuas Avenue South Project



Loyang Project



AYE Project

We are progressing well and on schedule for the other projects which we have secured earlier. These include our first "design and build" project in the widening of Bukit Timah Expressway from Kranji Expressway to Seletar Expressway valued at \$21.6 million; the widening of existing carriageway and construction of bored pile and RC L-shaped retaining walls at Loyang Avenue from Loyang Way to Changi Village valued at \$8.5 million and the Reconstruction and Expansion of Vehicular Bridge at Ayer Rajah Expressway across Sungei Pandan worth at \$9.3 million. All three projects are expected to be completed in FY2005.



Runway Shoulders Project



BKE project



Choa Chu Kang Project

OPERATIONS REVIEW [CONT'D]

Road and Building Construction

No	Description of Project	Customer	Duration of Project	Contract Value \$' 000
Projects completed in FY2004				
1	The Construction, Completion and Maintenance of the proposed Dunman View Condominium comprising 2 blocks of 18-storey residential flats (total 148 units), 2 levels of podium, a common carpark and communal facilities on URA Land Parcel 568 lot 3661 PT MK 25 at Haig Road/Dunman Road ("Dunman View")	Dunman Heights Pte Ltd	Sep 03 - Sep 04	10,500
2	Construction of Pedestrian Overhead Bridge at Tampines Avenue 5 ("Tampines")	HDB	Jun 03 - Feb 04	777
3	Construction of 4 Covered Walkways in Marsiling Division ("Marsiling")	Sembawang Town Council	Aug 03 - Feb 04	197
Projects currently on hand (with contract value of over \$4,000,000)				
1	The Construction of 2nd South Cross Taxiway and Associated Works, Singapore Changi Airport ("SCA")	CAAS	Jul 02 - 2005	39,527
2	Widening of Pan-Island Expressway from Kranji Expressway to Jalan Ahmad Ibrahim ("PIE")	LTA	Mar 04 - Mar 06	22,227
3	Design and Widen Bukit Timah Expressway from Kranji Expressway to Seletar Expressway ("BKE")	LTA	Nov 02 - May 05	21,570
4	Design and Build Contract for Widening of Runway Shoulders and Associated Works at Singapore Changi Airport ("Runway Shoulders")	CAAS	Oct 04 - Aug 05	9,627
5	Reconstruction and Expansion of Vehicular Bridge at Ayer Rajah Expressway across Sungei Pandan ("AYE")	LTA	Nov 01 - Jun 05	9,227
6	Widening of Loyang Avenue from Loyang Way to Changi Village ("Loyang")	LTA	Aug 03 - 2005	8,476

ROAD MAINTENANCE

Completed Projects

In 2004, we completed three road maintenance projects, worth a total of approximately \$17.8 million. These projects, awarded by the Public Utilities Board ("PUB"), are for Improvements to Old Roadside Drains in areas such as Kembangan Estate, Rosyth and Hillside Estate.

Projects on Hand

During the year, we successfully tendered for three new contracts, out of which two were from LTA. One of the new contracts secured was the Planned Maintenance of Roads in East & West Sector ("RD100") for a Period of Two years. Covering effectively the whole of Singapore, this \$14.0 million project involves the resurfacing of road pavements, repair of roads, upgrading of railings and vehicular guardrails, repainting of road markings as well as the reconstruction of kerbs, footpaths, bus bays and shelters. After we completed the Planned Maintenance of Roads in East Sector for a period of one year ("PT105") in 2003, LTA awarded us yet another contract ("RD109") worth approximately \$9.2 million for the Painting and Cleansing of Road Related Facilities (including the supply and laying of asphalt concrete for roads) in the East Sector for a period of two years. This clearly demonstrates our capabilities and ability to meet customer's expectations and requirements.

Both projects commenced in early 2004 and are scheduled to be completed by January 2006.

In addition, we have also secured a contract by the PUB. This project is worth approximately \$3.2 million and involves the Improvement to Old Roadside Drains in Tanjong Katong area, such as the construction of covered drains to replace the existing open drains, box culverts across roads, road kerbs and landscaping works. It is expected to be completed by third quarter of 2006.



Road Maintenance

No	Description of Project	Customer	Duration of Project	Contract Value \$' 000
Projects completed in FY2004				
1	Improvement to Old Roadside Drains in Rosyth and Hillside Estate ("Rosyth & Hillside")	PUB	Jul 02 - Jun 04	7,627
2	Improvement to Old Roadside Drains in Kembangan Estate ("Kembangan")	PUB	Aug 02 - Jul 04	5,537
3	Improvement to Old Roadside Drains ("Contract 25")	PUB	Apr 02 - Oct 04	4,597
Projects currently on hand (with contract value of over \$3,000,000)				
1	Planned Maintenance of Roads in East & West Sector for a Period of Two Years ("RD100")	LTA	Jan 04 - Jan 06	13,967
2	Painting and Cleansing of Road Related Facilities in East Sector for a Period of Two Years ("RD109")	LTA	Jan 04 - Jan 06	9,176
3	Improvement to Old Roadside Drains in Tanjong Katong ("Tanjong Katong")	PUB	Aug 04 - Aug 06	3,237

Projects Awarded After FY2004

We began 2005 with three new contracts of combined contract value of \$6.1 million. The first project involves the Construction of Road (Yishun Street 31) between Yishun Ring Road and Yishun Avenue 6 for a period of six months. The second project is for the Construction of Petir Road and Outlet Drain (Part 2) and Road Repair and Resurfacing at Senja Road, Senja Link and Segar Road. Both works began in early 2005 and is expected to be completed by July 2005 and August 2005 respectively.

The third project is for the Road Repair and Resurfacing at Pasir Ris Drive (Part 2A), Drive 12 (Part 1A, 1B & 2), Street 11(Part 2), Street 13, Street 21(Part 2) and Road Bridge over Sungei Api Api along Drive 3. This project commenced in March 2005 and is expected to be completed by March 2006.

All three contracts were awarded by HDB and are expected to contribute positively to our revenue for the financial year ending 31 December 2005.

BOARD OF DIRECTORS



Mr Goh Kien Peow, FBM
Group Chairman
Age: 70

Mr Goh Kien Peow is the founding member of the Group and was appointed as Chairman of the Company since its incorporation on 15 February 2002. Mr Goh was last re-elected as a Director at the 2003 Annual General Meeting on 27 April 2004.

Mr Goh has more than 30 years of experience in the civil engineering business. He is responsible for overseeing the overall management and strategic development of the Group. He started the Group with a single company 30 years ago and was instrumental in developing and planning the business strategies of the Group, having steered the Group through major changes in its history.

Mr Goh is also actively involved in community activities and in recognition of his contributions, he was awarded the Public Service Award (PSA) in 2003. He is currently the Vice-Chairman of Gek Poh Community Club Management Committee and the Patron of Potong Pasir Citizens' Consultative Committee.



Mr Goh Tiah Wai
Group Managing Director
Age: 37

Mr Goh Tiah Wai was appointed as Group Managing Director of the Group since its incorporation on 15 February 2002.

Mr Goh has more than 12 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

Mr Goh is currently the Chairman of Potong Pasir Community Club Management Committee, the Vice-Chairman of Jurong West Secondary School Advisory Committee as well as the Patron of Boon Lay Community Centre Management Committee.

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



Ms Ang Beng Tin
Executive Director
Age: 49

Ms Ang Beng Tin was appointed as Executive Director of the Company on 20 February 2002. She was last re-elected as a Director at the 2002 Annual General Meeting on 30 April 2003.

Ms Ang has more than 11 years experience heading the human resource and administration department of other companies prior joining the Group in 1979. She is responsible for managing employee relations, benefit programmes and insurance claims.

Ms Ang holds GCE 'O' Levels qualifications.



Mr Or Kiam Meng
Executive Director
Age: 40

Mr Or Kiam Meng was appointed as Executive Director of the Company on 20 February 2002. He was last re-elected as a Director at the 2003 Annual General Meeting on 27 April 2004.

Mr Or has more than 19 years of experience in the construction industry since he joined the Group in 1985. He oversees the daily site management and operations of Or Kim Peow Contractors (Private) Limited, one of the Group's subsidiary companies. Mr Or is currently the Vice-Chairman of Anchorvale Community Centre Management Committee.

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



Mr Oh Eng Nam
Executive Director
Age: 49

Mr Oh Eng Nam was appointed as Executive Director of the Company on 20 February 2002. He was last re-elected as a Director at the 2002 Annual General Meeting on 30 April 2003.

Mr Oh has more than 26 years of experience in the construction industry since he joined the Group in 1978. He is responsible for the day-to-day management and the overall operations of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies.

Mr Oh holds GCE 'A' Levels qualifications.



BOARD OF DIRECTORS [CONT'D]

**Dr Chen Seow Phun, John**

Independent Director

Age: 51

Dr Chen Seow Phun, John was appointed as Independent Director of the Company on 25 June 2002 and currently serves as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He was last re-elected as a Director at the 2002 Annual General Meeting on 30 April 2003.

Dr Chen is the Managing Director of JCL Business Development Pte Ltd, a business consultant and investment company. He is also the Executive Chairman of SAC Capital Pte Ltd, a licensed corporate finance firm. Dr Chen presently sits on the Board of a number of publicly listed companies. He has been a Member of Parliament since September 1988. He was the Deputy Chairman and Managing Director of NTUC Healthcare Co-op Ltd from 1992 to 1997. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. Dr Chen has been a Board Member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd.

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

List of present and past directorships, other than those held in the Company, as at 31 December 2004 and the preceding 3 years:

Present Directorships

Hiap Seng Engineering Ltd
HyLynx Pte Ltd
JCL Business Development Pte Ltd
Red Chips Pte Ltd
Thai Village Holdings Ltd
Unigold Asia Ltd
Hongguo International Holdings Limited
PSC Corporation Ltd
Cornell Education Group Pte Ltd
Education Solutions International Pte Ltd
Matex International Ltd
SNF Corporation Ltd
SAC Capital Pte Ltd

Past Directorships

HyWay Marine Pte Ltd
Redchip Investment Pte Ltd
Intraco Limited



Mr Lim Choon Chiew
Independent Director
Age: 49

Mr Loo Choon Chiew was appointed as an Independent Director of the Company on 25 June 2002 and currently serves as Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He was last re-elected as a Director at the 2002 Annual General Meeting on 30 April 2003.

Mr Loo is presently the Managing Partner of Loo & Partners, a law firm in Singapore. Mr Loo also sits on the Board of a number of public listed companies as well as serving as a Councillor of the South East Community Development Council. Mr Loo has been practising as an advocate and solicitor of the Supreme Court of Singapore since 1981.

Mr Loo holds a Master of Laws from the University of London and qualified as a Barrister-at-Law of Lincoln's Inn, London. He is a fellow of the Chartered Institute of Arbitrators, London and a member of the Regional Panel of Arbitrators of the Singapore International Arbitration Centre.

List of present and past directorships, other than those held in the Company, as at 31 December 2004 and the preceding 3 years:

Present Directorships

Altial Technologies Limited
China Steel Structure Investment Pte. Ltd.
CSGT (Singapore) Pte. Ltd.
Jentis EMS, Inc.
Spinex Industries Limited
United Steel Investment Pte Ltd

Past Directorships

China American Singapore Company Private Limited (Members' Voluntary Winding Up)
China HS-Rent (Singapore) Investment Pte Ltd (de-registered)
E & P Global Pte Ltd (de-registered)
WPG International Limited
(formerly known as Aikom Technologies Limited)
Compass Technology Holdings Ltd



Mr Tan Boon Eng
Independent Director
Age: 72

Mr Tan Boon Eng was appointed as an Independent Director of the Company on 25 June 2002 and currently serves as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He was last re-appointed as a Director at the 2003 Annual General Meeting on 27 April 2004.

Mr Tan has extensive experience in both the public and private sectors. Mr Tan 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 Accounting and Corporate Regulatory Authority. He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore and was a Director of Singapore Pools Pte Ltd. He also served as a Chairman of the Securities Industries Council and was a Member of the Singapore Sports Council.

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

List of present and past directorships, other than those held in the Company, as at 31 December 2004 and the preceding 3 years:

Present Directorships

Adaptive Limited
Adaptive Associates Pte Ltd
Association of Education Technicians (S) Limited
Certified Accounting Technicians (Singapore) Ltd
TEE International Limited

Past Directorships

Association of Accounting Technicians Singapore Ltd (Struck off)
Healthwise.com Pte Ltd
CPAS Training Centre Pte Ltd (Struck off)
QMC Management Consultants Pte Ltd
Six Cities Realty Private Limited
ETL Management Services Pte Ltd
Teamwork International Consultants Ltd

KEY MANAGEMENT

Ms Ong Wei Wei **Group Financial Controller**

Ms Ong Wei Wei joined the Group in 2002 and oversees the Group's finance and corporate functions covering financial reporting, treasury, tax, legal and corporate secretarial and investor relations. Prior to joining the Group, she was a corporate advisory manager with an accounting firm.

Ms Ong is a member of the Institute of Certified Public Accountants of Singapore, the Association of Chartered Certified Accountants (United Kingdom), Institute of Internal Auditors, Inc. (Singapore Chapter) and Singapore Institute of Directors.

Mr Or Yew Whatt **Project Director**

Mr Or Yew Whatt joined the Group in 1989. He is currently the Project Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies. He is responsible for the supervision of projects, resolving site issues and involves in project tender process. He has more than 15 years of experience in the construction industry.

Mr Or holds a Certificate in Pavement Construction and Maintenance from the Building and Construction Authority.

Mr Oh Kim Poy **Operations Director**

Mr Oh Kim Poy joined the Group in 1977. He is currently the Operations Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies. He is responsible for supervising and monitoring of projects. Mr Oh has more than 31 years of experience in the construction industry.

Mr Ang Peng Seong **Operations Manager**

Mr Ang Peng Seng joined the Group in 2002. He is currently the Operations Manager of Or Kim Peow Contractors (Private) Limited, one of the Group's subsidiary companies. He is responsible for the resources and construction management. Mr Ang brought with him more than 23 years of experience in the construction industry. Mr Ang was a site manager with Chew Eu Hock Construction Co. Private Limited before joining the Group.

Mr Ang has received formal education up to secondary three level.

Functional

Management & Supervisory (M&S)

~ Local

~ Foreign

Total

11%

2%

Finance and Administration (F&A)

~ Local

~ Foreign

2%

0%

Site Operations (S&O)

~ Local

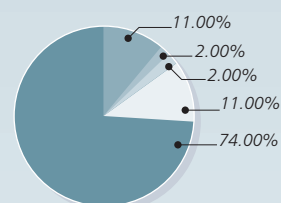
~ Foreign

11%

74%

100%

Functional

**Years of Service**

More than 15 years

10 years to 14 years

6 years to 9 years

3 years to 5 years

Less than 3 years

2%

1%

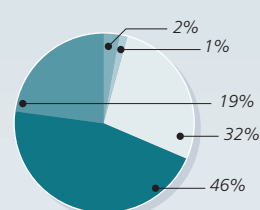
19%

32%

46%

100%

Years of Service

**Educational Qualifications**

Degree and above

Diploma and equivalent

"O" & "A" Level and equivalent

Trade certificate and equivalent

Secondary level and lower

13%

3%

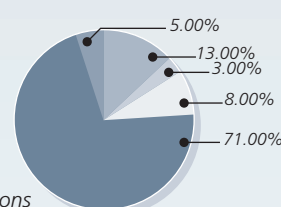
8%

71%

5%

100%

Educational Qualifications

**Foot note**

(1) M&S - Director, FC, managers, engineers and QS

(2) F&A - Administrative clerks and accounts executives

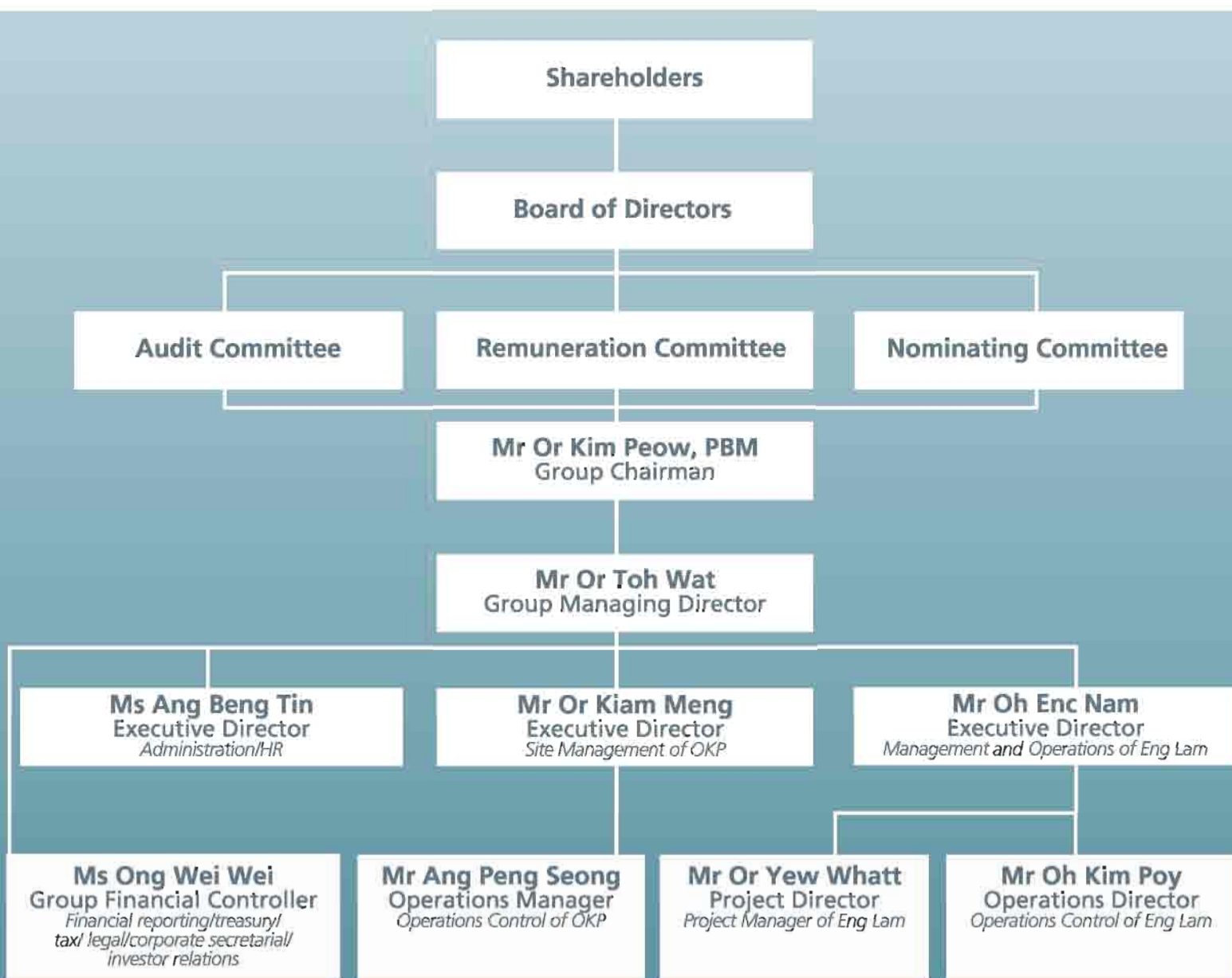
(3) S&O - Site supervisors, site clerks, site inspectors, foreman, machine operators, general workers & drivers

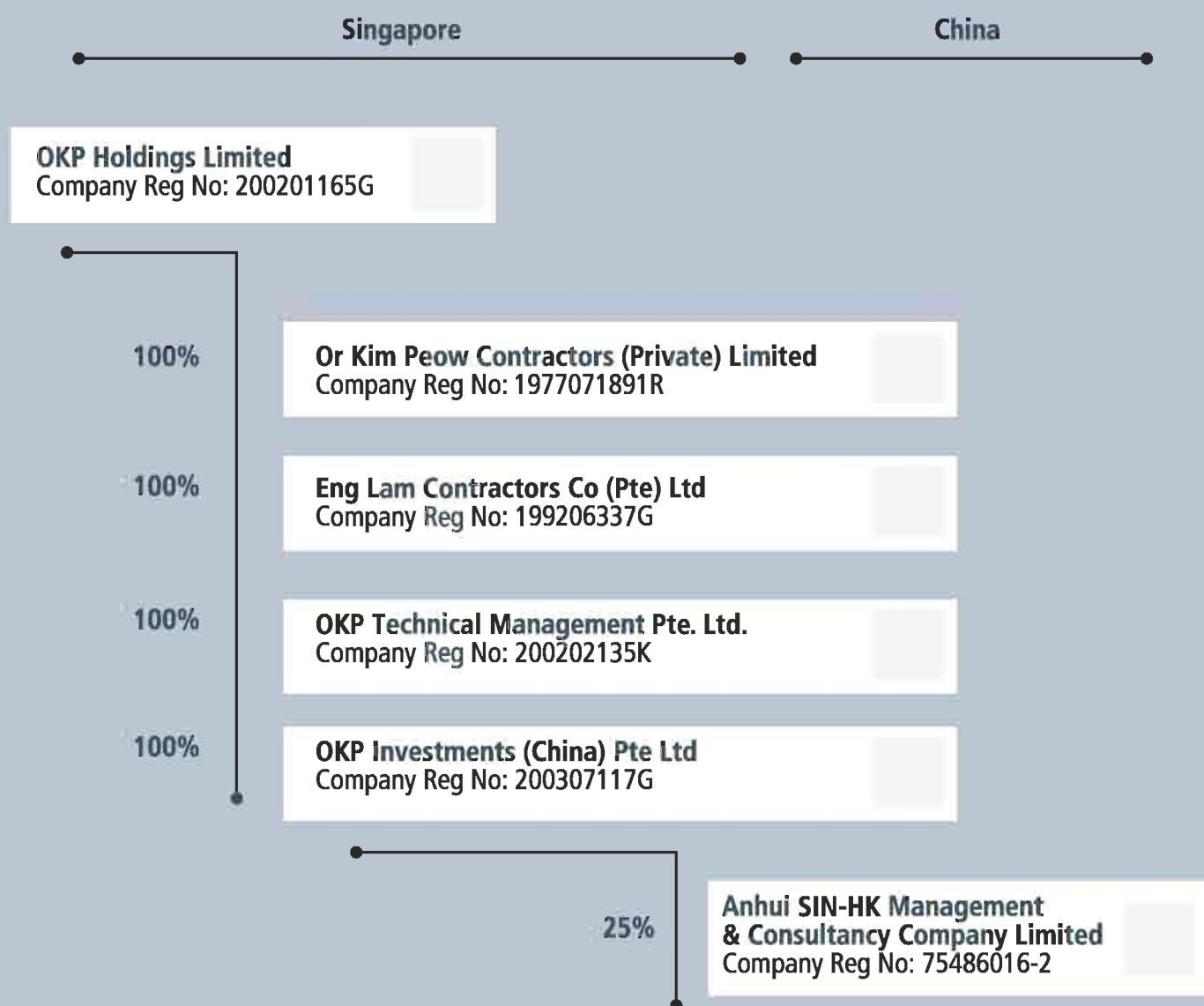
Investing in Our People

To maintain our high quality standards, enhance productivity and improve safety at our workplace, we institute regular training programmes for our foreign workforce. Seminars on health and safety are held regularly to instill safety knowledge to them. We have also put in place various trainings and courses for our staff at all levels.

All our staff have to undergo "ISO 9000 Awareness" training to enhance their productivity and safety knowledge.

To minimise the exposure to risks at construction sites, proper safety knowledge and management have been inculcated through safety and environment control officers, site engineers and site supervisors. Besides the project management workshop using Primavera software, we have also introduced training courses such as Construction Safety Course, Hydraulic Excavator Operation, Pavement Slab and Curb Construction and Steel Reinforcement works.





CORPORATE INFORMATION

Board of Directors

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

Group Chairman
 Group Managing Director
 Executive Director
 Executive Director
 Executive Director
 Independent Director
 Independent Director
 Independent Director

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

Company Secretaries

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

Registered Office

Co. Reg. No: 200201165G
 No. 6 Tagore Drive
 #B1-06 Tagore Industrial Building
 Singapore 787623
 Tel: (65) 6456 7667
 Fax: (65) 6453 7667
 Website: www.okph.com

Registrar & Share Transfer Office

Lim Associates (Pte) Ltd
 10 Collyer Quay
 #19-08 Ocean Building
 Singapore 049315
 Tel: (65) 6536 5355
 Fax: (65) 6536 1360

Auditors

Nexia Tan & Sitoh
 Certified Public Accountants
 5 Shenton Way
 #23-03 UIC Building
 Singapore 068808
 Tel: (65) 6534 5700
 Fax: (65) 6534 5766

Partner-in-Charge

Mr Henry SK Tan
 Engagement Partner since the financial
 year ended 31 December 2002
 Date of appointment: 18 March 2002

Principal Bankers

Citibank N.A.
 DBS Bank Ltd
 Malayan Banking Berhad
 Overseas Chinese Banking Corporation Limited



HALF YEARLY RESULTS

	FIRST HALF \$'000	FIRST HALF %	SECOND HALF \$'000	SECOND HALF %	TOTAL \$'000
Revenue					
2004	36,123	50%	36,587	50%	72,710
2003	28,814	51%	27,942	49%	56,756
Profit before taxation					
2004	1,638	96%	75	4%	1,713
2003	1,624	61%	1,058	39%	2,682
Profit after taxation					
2004	1,251	80%	311	20%	1,562
2003	1,205	86%	203	14%	1,408
Earnings per share (cents)					
2004	0.92	80%	0.23	20%	1.15
2003	0.88	85%	0.15	15%	1.03

Revenue for the second half of 2004 increased compared to the first half due mainly to an increase in revenue from road and building construction segment. Second half profit after taxation increased compared to the first half due mainly to lower taxation.

RISK ASSESSMENT AND MANAGEMENT

The Group has set up objectives to manage the risks that arise from the normal course of its operations. The significant risks are summarised below:

Industry Specific

1. **Susceptibility to the 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 expect the local construction industry to remain weak and intensely competitive. Our Group believes that with our expertise and experience in road construction and road maintenance, we will be able to tender competitively, primarily for government projects. Our long operating history has also demonstrated our ability to steer through the various economic cycles.

2. **Dependency on public sector clientele**

Our Group is primarily engaged in public sector civil engineering, which has increased our dependency on public sector clientele such as the Land Transport Authority and Public Utilities Board. We are confident that with our track record, we have established ourselves as a reputable and successful Group in the civil engineering construction industry, engaging in road construction and road maintenance projects for government bodies. With our expertise and experience, we are capable of designing, planning and executing projects in a cost effective manner, while maintaining a high quality standard of work. As our clientele are primarily from the public sector, this reduces the uncertainties over the timeliness of collection of trade receivables.

3. **Subject to price fluctuations of construction materials**

We are subject to price fluctuations in construction materials used for our operations. The main construction materials used in our projects are cement, ready-mix concrete, asphalts, reinforced steel bars and granite. We constantly strive to source for the most competitive pricing from our suppliers for the raw materials required and try to lock in the prices of the raw material whenever possible. In view of the competitive industry that we are in, we may not be able to pass on any increase in cost of these raw materials to our customers. Therefore, in the event that we are unable to pass on all or part of an increase in raw materials to our customers, our profitability may be adversely affected.

Company Specific

4. **Exposure to liability claims and disputes**

Our Group is exposed to claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should our Group be unable to complete the project within a stipulated time, we may be held liable for liquidated damages. In such circumstances, financial compensation may be required to be made to our customers. Our Group continues to spend considerable effort in ensuring our projects are well managed with high quality standards and provides our employees with the relevant trainings, on a regular basis, to uphold the quality of all projects. We have no history of any significant claims made by our customers nor have we faced any material disputes over the last three financial years.

5. **Exposure to cost overruns**

In the course of our operations, we may face a cost overrun when our Group underestimated the costs involved or duration of project, or due to unforeseeable circumstances such as adverse ground conditions, unfavorable weather constraints and the issue of any instruction by our clients for a variation order. Cost control measures are carried out at various stages to ensure that the projects are kept well within budget. Continuous monitoring and quality assurance measures are also performed to ensure project management risk is mitigated. Our Group believes that with our project management expertise, we are able to effectively manage the costs related to each tendered project.

6. **Exposure to labour shortages and are dependency on foreign workers**

The construction industry is still currently very labour intensive. The use of foreign workers is viewed as a necessary temporary measure to avoid shortages, which could greatly impede the nation's economic development. As it is highly unlikely that local supply of construction workers is going to increase, we rely heavily on skilled and unskilled foreign workers for our projects. The supply of foreign workers is further subject to the policies imposed by the Ministry of Manpower and the foreign affairs policies of the countries in which these foreign workers are domiciled. We are susceptible to any sudden withdrawal of the supply of foreign workers and any increase in foreign workers' levies. This will have a negative impact on our earnings during that period. Our Group believes in making efforts to derive optimum benefits from those employed, for example, by enhancing their quality through training as well as skill upgrading.



RISK ASSESSMENT AND MANAGEMENT

7. Subject to the political, economic, regulatory and social conditions in the countries which we operate in or in which we intend to expand our operations

Majority of our operations are currently in Singapore. As such, we are subject to the economic, political, regulatory and social conditions in Singapore. In particular, we are subject to the Contractor Registration System ("CRS") in Singapore (as further elaborated below). Our Group will continue to adopt a prudent and disciplined approach to assess all business opportunities so as to reduce risks in both local and overseas operations.

8. Regulated by Building and Construction Authority

We are guided and regulated by Building and Construction Authority ("BCA"). The BCA grading is stipulated in the BCA Contractors Registry that functions as an administrative body for tendering public sector construction projects. There are five major groups of registration workheads, namely Construction Workheads, Construction Related Workheads, Mechanical & Electrical Workheads, Supply Workheads and Maintenance Workheads. Within each workhead, there are financial gradings, which determine a contractor's tender capacity. We are currently not aware of any existing circumstances which may lead to companies within our Group losing their grading status. In the event that the status cannot be maintained, our Group will not be able to tender for projects of stipulated contract values on the CRS. This could have an adverse impact on the results of our operations if we are unable to make up for the loss of larger projects with more projects of lower contract values. Further, as our projects are secured through open tenders, an increase in the number of qualified competitors would increase competition and lower the profit margin for projects. Our revenue and profitability may be reduced as competition intensifies.

9. Excessive warranty claims

We provide limited warranty for our construction projects for a standard period of up to 10 years. The limited warranty covers defects and any premature wear and tear of the materials used in the projects. Rectification and repair works to be carried out by us that are covered under warranty would not be chargeable to the customers. Excessive warranty claims for rectification and repair works will have an adverse effect on our financial performance. With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past three financial years.

INVESTOR RELATIONS ACTIVITIES

Our Group has regarded Investor Relations as an integral component of our management function.

Corporate Transparency

Investor relations continue to be an important part of our Group's commitment to high standards of corporate governance. OKP has been disclosing accurate, clear and timely information to make its business more transparent and also to strengthen shareholders and potential investors' confidence.

Good Corporate Governance

The Board of Directors consists of eight directors, three of whom are independent directors as recommended by the Code of Corporate Governance. The balance of independent and non-independent directors has served our Group well. Their participation in the Remuneration, Audit and Nominating Committees serves as an assurance to our shareholders' interests.

Communications with Shareholders

(i) **Corporate Announcements / News Releases**

All information on our Group's new initiatives are first disseminated via SGXNET, which is subsequently made available on our corporate website

During the year, we issued half-year and full-year financial results promptly within the mandatory reporting period. In addition to publishing through the SGXNET, news releases are issued to the media and also placed on our corporate website.

(ii) **Analysts & Media Briefings / Dialogues**

We have webcasted the full year results video presentation by our Group Managing Director and made it available to the public and all shareholders via our Group's corporate website.

We have held online Questions & Answers sessions with our investors. Such communication sessions provide a platform for our shareholders to clear their doubts and for the management to be properly understood.

During the year, we have also met up with some individual analysts, fund managers and shareholders. These sessions helped to further clarify the business directions and growth strategies of our Group.

(iii) **Annual Report**

We placed great importance on our annual report as it is designed to give a well-rounded picture of OKP. The contents have been revised and expanded to include more in-depth information. The information has also been presented in a reader-friendly format.

Our annual report is issued well within the mandatory period and is also made available on our corporate website. Besides allowing the overseas investors and shareholders to have access to the annual report in time, it also makes the annual report available to potential investors and public who would like to know more about OKP.

In March 2004, our Annual Report 2002 clinched the Best Annual Report Award – Second Runner-Up award under the SGX SESDAQ Companies category at the 30th Annual Report Award (ARA) competition in Singapore. Co-sponsored by the Institute of Certified Public Accountants of Singapore, Securities Investors Association (Singapore), the Singapore Exchange Ltd, the Singapore Institute of Management, the Singapore Institute of Directors, The Business Times and the Investment Management Association (Singapore), this competition aims to encourage listed companies to produce excellent annual report presentation and a wider scope of disclosures beyond minimum regulatory requirements.

(iv) **OKP's Corporate Website**

Our corporate website gives quick access to financial and corporate information on our Group. Investors can download our current and previous announcements, financial results and press releases from our corporate website.

(v) **Annual General Meetings ("AGMs")**

At AGMs, we strongly encourage shareholders to share their views and to raise any issues that require clarifications regarding any aspect of our Group.

We view these meetings as excellent opportunities to communicate with our shareholders and maximise their understanding on our Group's operations and strategies going forward.



CORPORATE GOVERNANCE REPORT

OKP Holdings Limited ("the Company") believes in maintaining high standards of corporate governance in order to safeguard the interests of shareholders and enhance shareholders' value. The Board of Directors ("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 corporate governance report sets out how the Company has effectively applied the principles of good corporate governance in a disclosure-based regime where accountability of the Board to the Company's shareholders and the Management to the Board provides the framework for achieving a mutually beneficial tripartite relationship aimed at creating and growing sustainable shareholders' value.

The Company is committed to achieving high standards of corporate conduct. The Company's corporate governance policy and practices on each of the principles of Code of Corporate Governance ("the Code") are outlined in the following sections, and deviations from the Code are explained. The Company has complied with the principles of the Code where appropriate.

1. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company.

Our Policy and Practices:

The Board constituted with more than one-third non-executive Directors independent of Management, with the right core competencies and diversity of experience to enable them in their collective wisdom to contribute effectively. Every Director is expected, in the course of carrying out his duties, to act in good faith, provide insights and consider at all times, the interests of the Company.

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

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

- Reviewing the financial performance of OKP Holdings Limited and its subsidiary companies and associated companies ("the Group");
- Approving major investment and funding decisions;
- Overseeing the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business and affairs of the Company, establishing, with the Management, the strategies and financial objectives to be implemented by the Management and monitoring the performance of the Management; and
- Assuming responsibilities for corporate governance.

Presently, the Board comprises eight Directors of whom three are independent Directors. The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds. Information on the Profiles of the Directors is set out in the Board of Directors' section of this Annual Report.

The Board met twice in FY2004 with full attendance. Telephonic attendance and conference via audio communication at Board meetings are allowed under Article 120(2) of the Company's Articles of Association.

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

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

CORPORATE GOVERNANCE REPORT

1 BOARD MATTERS (Cont'd...)

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

Changes to regulations and accounting standards are monitored closely by Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company's or Directors' disclosure obligations, Directors are briefed at Board meetings.

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.

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic directions.

The matrix of Board members' participation on the various Board Committees is as follows:

Board Composition and Committees	Audit Committee	Remuneration Committee	Nominating Committee
Board Members			
Dr Chen Seow Phun, John	Chairman	Member	Member
Mr Loo Choon Chiaw	Member	Chairman	Member
Mr Tan Boen Eng	Member	Member	Chairman

Board Composition and Balance

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

Our Policy and Practices:

Currently, the Board consists of eight Directors of whom three are considered independent⁽¹⁾ by the Nominating Committee ("NC"). There is a strong independent element on the Board, with independent Directors constituting more than one-third of the Board. This enables Management to benefit from their external, diverse and objective perspective of issues that are brought before the Board. It also allows the Board to interact and work with Management through a constructive exchange of ideas and views to shape the strategic process.

The independence of each Director is reviewed by the NC on an annual basis. The NC adopts the Code's definition of what constitutes an independent Director in its review. One of the Directors, Mr Loo Choon Chiaw is the Managing Partner of M/s Loo & Partners ("L&P") which provides legal and professional services to the Group. The NC is of the view that the business relationship with L&P will not interfere with the exercise of independent judgement by Mr Loo in his role as an independent Director as matters involving the Group will be handled by the other partners and legal associates of the firm.

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.

The NC is of the view that the current Board comprises persons who as a group, provide capabilities required for the Board to be effective.

Note:

- (1) According to the Code, an independent Director is defined as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.



CORPORATE GOVERNANCE REPORT

1 BOARD MATTERS (Cont'd...)

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Our Policy and Practices:

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

As Group Chairman, Mr Or Kim Peow, PBM, is primarily responsible for overseeing the overall management and strategic development of the Group. His 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 (in consultation with the Group MD);
- Assisting in ensuring the Group's compliance with the Code;
- Ensuring that Board Meetings are held when necessary; and
- Reviewing most board papers before they are presented to the Board.

As Group MD, Mr Or Toh Wat is responsible for the day-to-day management affairs of the Group. Mr Or Toh Wat executes the strategic plans set out by the Board and ensures that the Directors are kept updated and informed of the Group's business.

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

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Our Policy and Practices:

We believe that Board renewal must be an ongoing process to ensure good governance and maintain relevance to the changing needs of the Company and its businesses.

The NC was formed on 10 July 2002 and comprises 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 main terms of reference of the NC are as follows:

- to review nominations for the appointment and re-appointment to the Board and the various committees;
- to decide on 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.

CORPORATE GOVERNANCE REPORT

1 BOARD MATTERS (Cont'd...)

The NC is charged with the responsibility of re-nominating the Directors. Pursuant to Article 107 of the Company's Articles of Association, one-third of the Directors (except the Group MD) shall retire from office at least once every three years at the Company's Annual General Meeting. In addition, Article 109 provides that the retiring Directors are eligible to offer themselves for re-election. Article 112 provides that each term of appointment of the Group MD shall not exceed five years. The year of initial appointment and last re-election of the Directors are set out below:

Name	Age	Position	Date of Initial Appointment	Date of last re-election
Mr Or Kim Peow, PBM	70	Group Chairman	15 February 2002	27 April 2004
Mr Or Toh Wat	37	Group Managing Director	15 February 2002	Not Applicable
Ms Ang Beng Tin	49	Executive Director	20 March 2002	30 April 2003
Mr Or Kiam Meng	40	Executive Director	20 March 2002	27 April 2004
Mr Oh Enc Nam	49	Executive Director	20 March 2002	30 April 2003
Dr Chen Seow Phun, John	51	Independent Director	25 June 2002	30 April 2003
Mr Loo Choon Chiaw	49	Independent Director	25 June 2002	30 April 2003
Mr Tan Boen Eng	72	Independent Director	25 June 2002	27 April 2004

The NC is also charged with determining annually whether or not a Director is independent. The NC is of the view that the non-executive Directors are independent.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company.

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

Board Performance

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

Our Policy and Practices:

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

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of the individual Directors. These performance criteria would allow the Company to make comparison with its industry peers and are linked to long-term shareholders' value. The selected performance criteria shall not be changed from year to year unless they are deemed necessary and the Board is able to justify the changes.

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to encourage exchange of feedback on the Board's strengths and shortcomings with a view of strengthening the effectiveness of the Board.

The NC met once and conducted its second round of assessment in FY2005.



CORPORATE GOVERNANCE REPORT

1 BOARD MATTERS (Cont'd...)

Access to Information

Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Our Policy and Practices:

We believe that the Board should be provided with timely and complete information prior to Board meetings and as and when the need arises.

In FY2004, the Management provided members of the Board with half-year management accounts, as well as relevant background information relating to the matters that were discussed at the Board meetings.

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 time for questions that members may have. All the independent Directors have access to the senior executives in the Group.

Directors have separate and independent access to the Company Secretary. The Company Secretary attends all board meetings and assists the Board in ensuring that the Company complies with the relevant requirements of the Companies' Act and the Listing Manual of the SGX-ST.

Each member of the Board has direct access to the Group's independent professional advisors. Any cost of obtaining professional advice will be borne by the Company.

2 REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Our Policy and Practices:

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

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

- to recommend to the Board a framework of remuneration for Board members and key executives;
- to determine specific remuneration packages for each Executive Director;
- to determine the appropriateness of the remuneration of non-executive Directors taking into consideration the level of their contribution;
- to review and recommend to the Board the terms of renewal of the service agreements of Executive Directors; and
- to consider the disclosure requirements for Directors' and key executives' remuneration as required by the SGX-ST.

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships in the boards of other listed companies.

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

CORPORATE GOVERNANCE REPORT

2 REMUNERATION MATTERS (Cont'd...)

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration especially that of executive directors, should be linked to performance.

Our Policy and Practices:

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the industry and in comparable companies.

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. In FY2004, variable or performance related income/bonus make up 1% to 18% of the total remuneration of the Directors.

All independent and non-executive Directors have no service agreements with the Company. They are paid Directors' fees, which are 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 AGM. Except as disclosed, the independent and non-executive Directors do not receive any remuneration from the Company.

Each of the Executive Directors has a formal service agreement which is valid for an initial period of 3 years commencing from 1 July 2002 and shall be automatically renewed on a yearly basis. There are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving the Executive Director one month's notice in writing or, in lieu of notice, payment of one month's salary based on the Executive Director's last drawn salary. The RC has not yet had the opportunity to review the service agreements as they were entered into prior to the Initial Public Offering of the Company in FY2002.

The Company does not have any employee share option schemes.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

Our Policy and Practices:

The Board has not included a separate annual remuneration report in this annual report 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 this corporate governance report and in the financial statements of the Company.

A breakdown, showing the level and mix of each individual Director's remuneration in FY2004 is as follows:

Remuneration of Directors for the financial year ended 31 December 2004

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance related income / bonuses	Director's fees **	Other benefits
\$250,000 to \$499,999				
Mr Or Kim Peow, PBM	90%	9%	-	1%
Mr Or Toh Wat	89%	7%	-	4%
Mr Or Kiam Meng	89%	7%	-	4%
Ms Ang Beng Tin	89%	7%	-	4%
Below \$250,000				
Mr Oh Enc Nam	87%	8%	-	5%
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.



CORPORATE GOVERNANCE REPORT

2 REMUNERATION MATTERS (Cont'd...)

A breakdown, showing the level and mix of the top five key executives (who are not Directors of the Company) in FY2004 is as follows:

Remuneration of Key Executives for the financial year ended 31 December 2004

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance Related income / bonuses	Director's fees **	Other benefits
Below \$250,000				
Ms Ong Wei Wei	73%	18%	-	9%
Mr Or Yew Whatt	79%	13%	-	8%
Mr Oh Kim Poy	84%	14%	-	2%
Mr Ang Peng Seong	83%	1%	-	16%

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

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

No employee who is an immediate family member of a Director was paid more than \$150,000 during the financial year ended 31 December 2004. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

The Company does not have any employee share option schemes.

3 ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board.

Our Policy and Practices:

The Board has always believed that it should conduct itself in ways that deliver maximum sustainable value to the shareholders. The Board promotes best practices as a means to build an excellent business for the shareholders. The Board is accountable to shareholders for the Company's performance.

Prompt fulfilment of statutory reporting requirements is but one way to maintain the shareholders' confidence and trust in the Board's capability and integrity.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half-yearly basis. This responsibility extends to reports to regulators.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a half yearly basis. Further, the Management has been providing all the Executive Directors (who represent more than 60% of the Board) with monthly consolidated financial reports. However, such monthly consolidated financial reports may not always be reflective of the true and fair view of the financial position of the Group.

CORPORATE GOVERNANCE REPORT

3 ACCOUNTABILITY AND AUDIT (Cont'd...)

Audit Committee

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Our Policy and Practices:

The AC of the Company 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 carries out its functions in accordance with the Singapore Companies Act, Cap. 50, the Best Practices Guide and the Code. The main terms of reference of the AC are as follows:

- to review the Company's external auditors' annual audit plan;
- to review the external auditors' reports;
- to review the co-operation given by the Company's officers to the external auditors;
- to review 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 submission to the Board for approval of release of the results announcement to the SGX-ST;
- to nominate external auditors for appointment and re-appointment; and
- to review all interested person transactions to ensure that each has been conducted on an arm's length basis.

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 is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibilities properly.

The AC is authorised to investigate any matter within its terms of reference, and has full access to and co-operation of the 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 functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the external auditors.

The AC has 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, has confirmed their re-nomination.

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.

The AC annually reviews the independence of the external auditors.

The AC met twice in FY2004 with full attendance of each member. 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 SGX-ST's Best Practices Guide.



CORPORATE GOVERNANCE REPORT

3 ACCOUNTABILITY AND AUDIT (Cont'd...)

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets.

Our Policy and Practices:

We believe in the need to put in place a system of internal controls to safeguard shareholders' interests and Group's assets, and to manage risks.

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. While no cost-effective internal control system can provide absolute assurance against loss or mis-statement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate. Procedures are in place to identify major business risks and evaluate potential financial effects. In addition, the AC reviews the effectiveness of internal and operational controls and risk management on an annual basis.

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.

Internal Audit

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

Our Policy and Practices:

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 auditors to perform financial audits and the audit of other management process to ensure compliance with the Company's system of internal controls.

The external auditors, Nexia Tan & Sitoh who is a member of the Institute of Internal Auditors ("IIA") and has adopted the Standards for Professional Practice of Internal Auditing set by the IIA.

The external auditors have direct access to the AC.

CORPORATE GOVERNANCE REPORT

4 COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Our Policy and Practices:

The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures.

The Board is mindful of the obligation to provide shareholders information on 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.

Information is communicated to shareholders on a timely basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- SGXNET and the press;
- the Company's website at <http://www.okph.com> at which shareholders can access information on the Group; and
- on-line Q&A forum via the investor relations channel at <http://www.shareinvestor.com>.

At Annual General Meetings ("AGMs"), shareholders are given the opportunity to air their views and ask Directors or the 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.

The members of the AC, NC and RC will be present at AGMs to answer 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.

5 SECURITIES TRANSACTIONS

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.



CORPORATE GOVERNANCE REPORT

6 INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has procedures established for the review and approval of the Company's Interested Person Transactions.

The AC reviewed the following interested person transactions for the financial year ended 31 December 2004 in accordance with its existing procedures:-

Name of Interested Person	Aggregate Value of all Interested Person Transactions during the financial year ended 31 December 2004 \$'000
---------------------------	--

Purchase of motor vehicles

Sin Kah Heng Motor Trading Co

57

Provision of legal services

Loo & Partners

23

Purchase of motor vehicle

Citysafe Pte Ltd

7

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

7 RISK MANAGEMENT AND PROCESSES

Information relating to risk management policies and processes are set out on page 30 to 31 of this Annual Report.

8 STATEMENT OF COMPLIANCE

The Board confirms that during the financial year ended 31 December 2004, the Company has complied with its policies and practices based on the SGX-ST's Best Practices Guide and the Code.

FINANCIAL CALENDAR

	2005	2004
Full Year Results Announcement	22 February (for FY2004 results)	27 February (for FY2003 results)
Issue of Annual Report	1 April	2 April
Annual General Meeting	27 April	27 April
Dividend		
Books Closure Date	6 May	7 May
Proposed Payment of first & final dividend	27 May	28 May
Half Year Results Announcement	July	27 July



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

We are pleased to present this report to the members of the Company together with the audited financial statements of the Group and balance sheet of the Company for the financial year ended 31 December 2004.

Directors

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

Or Kim Peow
Or Toh Wat
Ang Beng Tin
Or Kiam Meng
Oh Enc Nam
Chen Seow Phun, John
Tan Boen Eng
Loo Choon Chiaw

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year 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 year including those held by their spouses in shares or debentures in the Company and in related corporations other than wholly-owned subsidiary companies are as follows:-

	Holdings registered in name of the director			Holdings in which the director is deemed to have an interest		
	At beginning of the year	At end of the year	At 21 January 2005	At beginning of the year	At end of the year	At 21 January 2005

The Company

Ordinary shares of \$0.10 each fully paid

Or Kim Peow	4,830,000	4,830,000	4,830,000	89,901,940	89,901,940	89,901,940
Or Toh Wat	2,838,000	2,838,000	2,838,000	-	-	-
Ang Beng Tin	2,936,000	2,939,000	2,939,000	-	-	-
Or Kiam Meng	2,838,000	2,838,000	2,838,000	-	-	-
Oh Enc Nam	1,044,000	1,044,000	1,044,000	-	-	-
Chen Seow Phun, John	-	-	-	20,000	20,000	20,000

	Holdings registered in name of the director			Other holdings in which the director is deemed to have an interest		
	At beginning of the year	At end of the year	At 21 January 2005	At beginning of the year	At end of the year	At 21 January 2005

Immediate and Ultimate Holding Company

Ordinary shares of \$1.00 each fully paid

Or Kim Peow	97,091	97,091	97,091	-	-	-
Or Toh Wat	58,255	58,255	58,255	-	-	-
Ang Beng Tin	60,272	60,272	60,272	-	-	-
Or Kiam Meng	58,255	58,255	58,255	-	-	-
Oh Enc Nam	21,436	21,436	21,436	-	-	-



DIRECTORS' REPORT

Directors' Interests in Shares or Debentures (Cont'd...)

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 year.

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

Except as disclosed above, there were no changes in any of the above mentioned interests in the Company or in the ultimate holding company between the end of the financial year and 21 January 2005.

Directors' Contractual Benefits

During the financial year, the Company and its related corporation have during the normal course of business entered into various transactions with companies in which one of the directors is deemed to have an interest. However, the directors have neither received nor become entitled to receive any benefits arising out of these transactions other than those to which they are ordinarily entitled to as directors and members of these companies. The values of the above interested person transactions individually and in aggregate do not exceed the materiality thresholds as set out in Chapter 9 of the Singapore Exchange Listing Manual.

Except as disclosed in Note 32 to the accompanying financial statements, since the end of the last financial year, 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.

Share Options

During the financial year, 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 year, there were no unissued shares of the Company or its subsidiary companies under option.

Audit Committee

The Audit Committee members at the date of this report are Dr Chen Seow Phun, John (Chairman), Mr Loo Choon Chiaw and Mr Tan Boen Eng.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange, and the Code of Corporate Governance.

The principal responsibility of the Audit Committee is to assist the Board of Directors in the identification and monitoring of the following:

- the reliability and integrity of financial statements;
- impact of new, revised or proposed changes in accounting policies or regulatory requirements on the financial statements;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50, and the Listing Manual of the Singapore Exchange;
- appropriateness of half year and full year announcements and reports;
- the effectiveness and efficiency of external audits;
- the appointment and re-appointment of external auditors and the level of auditors' remuneration;
- the nature and extent of non-audit services and their impact on independence and objectivity of the external auditors; and
- interested persons transactions

DIRECTORS' REPORT

Audit Committee (Cont'd...)

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.

The Audit Committee met twice in FY2004 with full attendance of each member. Specific functions of the Audit Committee include reviewing the scope of work of the external auditors, and receiving and considering the reports of the external auditors. The Audit Committee also reviewed the assistance given by the Company's officer to the auditors. The Audit Committee has met with the external auditors without the presence of Management, to discuss issues of concern to them. The Audit Committee also recommends the appointment of the external auditors. The Audit Committee also met with the external auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Singapore Exchange Listing Manual, reviewed the requirements for approval and disclosure of interested party transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the external auditors, reviewed interested person transactions.

The Audit Committee has reviewed the quantum and nature of fees, expenses and emoluments paid to the auditors for non-audit services and are satisfied that the provision of such services does not affect their independence.

The Audit Committee has recommended to the Board of Directors that the auditors, Nexia Tan & Sitoh, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

28 March 2005



STATEMENT BY DIRECTORS for the financial year ended 31 December 2004 Pursuant to Section 201(15)

In our opinion:

- (a) the financial statements of the Group and the balance sheet of the Company as set out on pages 51 to 79 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 2004 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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 has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Or Kim Peow
Director

Or Toh Wat
Director

Singapore

28 March 2005

REPORT OF AUDITORS to the Members of OKP Holdings Limited

We have audited the accompanying financial statements of OKP Holdings Limited as set out on pages 51 to 79 for the financial year ended 31 December 2004, comprising the consolidated financial statements of the Group and the balance sheet of the Company. The 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards 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 2004 and the results, changes in equity and cash flows of the Group for the financial year then ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Nexia Tan & Sitoh
Certified Public Accountants

Singapore

28 March 2005



BALANCE SHEETS as at 31 December 2004

		The Group		The Company	
	Note	2004 \$	2003 \$	2004 \$	2003 \$
Non-Current Assets					
Properties, plant and equipment	3	7,160,156	6,906,948	36,483	49,500
Interests in subsidiary companies	4	-	-	13,926,094	13,926,094
Interests in associated company	5	62,728	78,281	-	-
Investment property	6	800,048	870,048	-	-
Intangible asset	7	1,687,551	1,687,551	-	-
Deferred tax assets	8	78,744	-	-	-
		9,789,227	9,542,828	13,962,577	13,975,594
Current Assets					
Construction contracts work-in-progress	9	5,283,430	3,314,503	-	-
Trade receivables	10	13,590,802	10,282,958	-	-
Advance to subsidiary companies	11	-	-	450,000	380,000
Amounts due from subsidiary companies	12	-	-	1,890,317	1,727,053
Amounts due from an associated company (non-trade)		223	-	-	-
Other receivables, deposits and prepayments	13	735,948	656,136	13,524	19,619
Cash and cash equivalents	14	11,935,297	10,399,669	218,084	54,140
		31,545,700	24,653,266	2,571,925	2,180,812
Current Liabilities					
Trade and other payables	15	18,422,908	11,382,747	521,998	424,943
Amounts due to subsidiary companies (non-trade)	16	-	-	-	2,914
Current portion of obligations under hire purchase creditors	17	835,437	743,877	11,400	11,400
Current portion of interest-bearing bank loans (secured)	18	1,100,000	140,016	-	-
Provision for taxation		446,649	1,038,000	32,800	9,820
		20,804,994	13,304,640	566,198	449,077
Net Current Assets		10,740,706	11,348,626	2,005,727	1,731,735
Non-Current Liabilities					
Obligations under hire purchase creditors	17	(1,283,505)	(889,619)	(19,002)	(30,400)
Interest-bearing bank loans (secured)	18	-	(1,725,722)	-	-
Deferred tax liabilities	8	(328,971)	(358,065)	-	-
		(1,612,476)	(2,973,406)	(19,002)	(30,400)
		18,917,457	17,918,048	15,949,302	15,676,929
Capital and Reserves					
Share capital	19	13,626,094	13,626,094	13,626,094	13,626,094
Share premium		1,329,321	1,329,321	1,329,321	1,329,321
Revenue reserves	20	3,962,042	2,962,633	993,887	721,514
		18,917,457	17,918,048	15,949,302	15,676,929

The accompanying notes set out on page 56 to 79 form an integral part of these financial statements

CONSOLIDATED PROFIT AND LOSS STATEMENT for the financial year ended 31 December 2004

	Note	The Group	
		2004	2003
		\$	\$
Revenue	21	72,709,845	56,755,997
Cost of works	22	(67,261,279)	(49,551,643)
Gross profit		5,448,566	7,204,354
Other Income	23	444,895	271,819
Administrative expenses		(3,975,448)	(4,553,894)
Other operating expenses		(11,168)	(51,899)
Profit from operations	24	1,906,845	2,870,380
Finance costs	26	(178,343)	(188,773)
Share of results of an associated company	5	(15,662)	-
Profit from ordinary activities before taxation		1,712,840	2,681,607
Taxation	27	(150,431)	(1,273,637)
Net profit for the financial year		1,562,409	1,407,970
Earnings per share (cents)			
- Basic	28	1.15	1.03
- Diluted	28	1.15	1.03

The accompanying notes set out on page 56 to 79 form an integral part of these financial statements


CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the financial year ended 31 December 2004

The Group	Note	Share Capital \$	Share Premium \$	Revenue Reserves \$	Total \$
Balance at 1 January 2003		13,626,094	1,329,321	2,222,663	17,178,078
Net profit for the year		-	-	1,407,970	1,407,970
Final dividend paid of 0.49 cents per share in respect of financial year ended 31 December 2002	29	-	-	(668,000)	(668,000)
Balance at 31 December 2003		13,626,094	1,329,321	2,962,633	17,918,048
Net profit for the year		-	-	1,562,409	1,562,409
Final dividend paid of 0.41 cents per share in respect of financial year ended 31 December 2003	29	-	-	(563,000)	(563,000)
Balance at 31 December 2004		13,626,094	1,329,321	3,962,042	18,917,457

The accompanying notes set out on page 56 to 79 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS for the financial year ended 31 December 2004

	Note	The Group	
		2004 \$	2003 \$
Cash flows from operating activities			
Profit before taxation		1,712,840	2,681,607
Adjustments for:			
Amortisation of intangible asset		-	236,306
Depreciation of properties, plant and equipment	3	1,553,001	1,640,626
Loss on foreign exchange (unrealised)		5,717	4,460
Loss on disposal of plant and machinery		5,451	47,439
Gain on disposal of plant and machinery		(35,609)	(133,758)
Impairment loss of properties	3	23,333	662,530
Impairment loss of investment property	6	70,000	64,000
Interest income from bank deposits		(32,388)	(22,347)
Hire purchase interest		90,861	98,598
Bank loan interest		87,482	90,180
Preliminary expense written off		-	2,675
Allowances for doubtful receivables (trade)	10	47,579	-
Share of losses from associated company	5	15,662	-
Operating cash flow before working capital changes		3,543,929	5,372,316
Changes in operating assets and liabilities			
Construction contracts work-in-progress		(1,968,927)	(2,465,232)
Trade receivables		(3,355,423)	1,660,826
Other receivables, deposits and prepayments		(79,812)	40,632
Amounts due from an associated company (non-trade)		(223)	-
Trade and other payables		7,040,161	(40,796)
Cash generated from operations		5,179,705	4,567,746
Hire purchase interest paid		(90,861)	(98,598)
Bank loans interest paid		(87,482)	(90,180)
Interest income from bank deposits received		32,388	22,347
Income tax paid		(849,620)	(1,245,582)
Net cash generated from operating activities		4,184,130	3,155,733

The accompanying notes set out on page 56 to 79 form an integral part of these financial statements


CONSOLIDATED STATEMENT OF CASH FLOWS for the financial year ended 31 December 2004

	Note	The Group	
		2004 \$	2003 \$
Cash flows from investing activities			
Purchase of plant and equipment		(818,903)	(585,147)
Proceeds from disposal of plant and equipment		220,878	247,619
Investment in associated company		(109)	(78,281)
Net cash used in investing activities		(598,134)	(415,809)
Cash flows from financing activities			
Repayment of long term bank loans		(1,865,738)	(140,016)
Proceeds from short term bank loans		1,100,000	-
Repayments of hire purchase creditors		(715,913)	(998,234)
Dividends paid to shareholders		(563,000)	(668,000)
Fixed deposits pledged with banks		(1,731,918)	1,287,076
Net cash used in financing activities		(3,776,569)	(519,174)
Net (decrease)/ increase in cash and cash equivalents		(190,573)	2,220,750
Cash and cash equivalents at beginning of financial year		7,164,166	4,947,876
Effects of exchange rate changes on balances held in foreign currencies		(5,717)	(4,460)
Cash and cash equivalents at end of financial year	14	6,967,876	7,164,166

The accompanying notes set out on page 56 to 79 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

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

The financial statements of OKP Holdings Limited for the year ended 31 December 2004 were authorised for issue in accordance with a resolution of the directors on 28 March 2005.

1 General Information

OKP Holdings Limited (the "Company") is incorporated and domiciled in Singapore and listed on the Singapore Stock Exchange Dealing and Automated Quotation System. The registered office of the Company 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 the 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.

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

The consolidated financial statements relate to the Company and its subsidiary companies (referred as the "Group").

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) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the financial statements as at 31 December 2003, except for the early adoption of the following new and revised Singapore FRS issued in July 2004 by the Council on Corporate Disclosure and Governance ("CCDG"), with effect from the financial year beginning 1 January 2004:

FRS 103	Business Combinations
Revised FRS 36	Impairment of Assets
Revised FRS 38	Intangible Assets

On 1 July 2004, CCDG issued FRS 103, revised FRS 36 and revised FRS 38. Accordingly, FRS 22 Business Combinations was withdrawn. These FRS are to be applied to the accounting for business combinations for annual periods beginning and or after 1 July 2004. However, the Group has adopted these FRS with effect from 1 January 2004. In accordance with FRS, early adoption is permitted under certain circumstances, and must be applied prospectively.

The early adoption of FRS 103, revised FRS 36 and revised FRS 38 resulted in a change in the accounting treatment for goodwill. FRS 103 required goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The replaced FRS 22 required acquired goodwill to be systemically amortised over its useful life, and included a rebuttable presumption that its useful life could not exceed twenty years from initial recognition.

Had FRS 103 not been implemented the goodwill amortisation to the profit and loss statement of \$236,306 would be made and reduced the profit before taxation by the same amount.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

2 Summary of Significant Accounting Policies (Cont'd...)

(b) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Subsidiary companies are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

Investments in subsidiary companies are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(ii) Associated company

An associated company is an entity over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated company are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

In applying the equity method, unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency of accounting policies with those of the Group.

Investments in associated company are stated at cost less accumulated impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(c) Foreign currencies

(i) Measurement currency

Items included in the financial statements of each entity in the Group are measured using currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollars, which is the measurement currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**2 Summary of Significant Accounting Policies (Cont'd...)****(c) Foreign currencies (Cont'd...)****(ii) Foreign currency transaction**

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximately to those ruling at the balance sheet date. Transactions in foreign currencies are transacted at rates ruling on transaction dates. Transaction differences are included in the profit and loss statement.

(iii) Foreign entities

The assets and liabilities of foreign entities are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign entities are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in exchange translation reserve.

(d) Investment property

Investment property is held on a long term basis for the primary purpose of producing rental income. It is neither held for resale in the ordinary course of business, nor occupied by the Group. It is stated at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment property is assessed and written down to its recoverable amount if lower. The impairment loss is charged to the profit and loss statement.

(e) Intangible asset**(i) Goodwill on consolidation**

Goodwill on consolidation represents the difference between the cost of acquisition of a subsidiary company over the fair value of net identifiable assets acquired.

Following initial recognition, goodwill on consolidation recognised as intangible asset is stated at cost less accumulated amortisation and impairment losses. It is amortised on a straight-line basis in the consolidated profit and loss statement over its economic useful life up to a maximum of 10 financial years. However, goodwill on consolidation which is already carried in the balance sheet is not amortised after 1 January 2004. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(f) Properties, plant and equipment

(i) Properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gains or loss resulting from their disposal is included in the profit and loss statement.

(ii) Depreciation is calculated using a straight-line method to allocate the depreciable amounts of properties, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:-

Freehold properties	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment	5 - 10 years
Furniture and fittings	5 - 10 years

(iii) Fully depreciated properties, plant and machinery are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(iv) The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds the recoverable amount. The impairment loss is charged to the profit and loss statement.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

2 Summary of Significant Accounting Policies (Cont'd...)

(g) Impairment of assets

Assets including properties, plant and equipment, investment property and goodwill on consolidation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss statement for items of properties, plant and equipment, investment property and goodwill on consolidation carried at cost. The recoverable amount is the higher of an asset's net selling price and value in use.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is possible, for the cash-generating unit to which the asset belongs.

Reversal of an impairment loss recognised in prior years is recorded when there is an indication that the impairment loss recognised for an asset no longer exists or has decreased. The reversal is recorded in the profit and loss statement.

(h) Construction contract

Construction costs include all direct material, labour costs and any overheads that are directly attributable to the construction contracts.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised to the stage of completion of the contract activity at the balance sheet date, as measured by surveys of work performed. Variation in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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, including intercompany receivables, are stated at cost less allowance for doubtful receivables based on a review of outstanding amounts at the balance sheet date. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and fixed deposits which are subject to an insignificant risk of changes in values. Cash at bank and in hand and fixed deposits which are held to maturity are carried at cost.

(k) Trade and other payables

Liabilities for trade and other amounts payable including intercompany payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(l) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

2 Summary of Significant Accounting Policies (Cont'd...)

(m) 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.

(n) Operating lease

Asset leased out under operating leases are investment property and is stated at cost less accumulated impairment losses and not depreciated. Rental income is recognised on a straight-line basis over the lease term.

(o) Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are recognised at cost, being the fair value of the consideration received and including transaction charges associated with the loans and borrowings.

(p) Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies and associated company, 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.

(q) 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 statement as follows:

(i) Revenue from road and building construction and road maintenance contracts

Revenue from road and building construction and road maintenance contracts is recognised based on percentage of completion method by reference to physical progress on each contract at balance sheet date determined by surveys of work performed.

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 bank deposits is accrued on a time-apportioned basis.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

2 Summary of Significant Accounting Policies (Cont'd...)

(q) Revenue recognition (Cont'd...)

(iii) Rental income

Rental income is charged to the profit and loss statement on a straight-line basis over the term of the relevant lease.

(iv) Dividend income

Dividend income is recognised in the profit and loss statement when the shareholder's right to receive payment is established.

(v) Management fee income

Management fee income is recognised upon the rendering of management and consultation services to and acceptance by subsidiary companies.

(r) Employee benefits

(i) Defined contribution plan

Defined contributions plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(ii) Employee leave entitlements

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

(s) Finance costs

Interest expense and similar charges are expensed in the profit and loss statement in the period 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 period of time to prepare for its intended use or sale.

(t) Related parties and related companies

Related parties refer to the directors, key management personnel of the Group and related companies and their associates.

Related companies in the financial statements refer to the OKP Holdings Limited and its subsidiary companies.

(u) Segment reporting

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

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter segment pricing is determined on terms agreed between segments.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**2 Summary of Significant Accounting Policies (Cont'd...)****(u) Segment reporting (Cont'd...)**

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 and building construction
- (b) Road maintenance

(ii) Geographical segments

There is no geographical segment as the Group operates predominately in Singapore.

3 Properties, Plant and Equipment**The Group**

	Freehold properties \$	Plant and machinery \$	Motor vehicles \$	Office equipment \$	Furniture and fittings \$	Total \$
At cost						
As at 1 January 2004	3,040,982	6,821,178	4,327,719	552,600	426,299	15,168,778
Additions	-	1,341,849	662,773	11,770	3,870	2,020,262
Disposals / written off	-	(321,500)	(200,232)	-	-	(521,732)
As at 31 December 2004	3,040,982	7,841,527	4,790,260	564,370	430,169	16,667,308
Accumulated depreciation and accumulated impairment losses						
As at 1 January 2004	840,980	3,838,152	3,045,788	357,765	179,145	8,261,830
Depreciation charge for the year	47,075	719,963	673,991	67,037	44,935	1,553,001
Impairment losses	23,333	-	-	-	-	23,333
Disposals / written off	-	(145,250)	(185,762)	-	-	(331,012)
As at 31 December 2004	911,388	4,412,865	3,534,017	424,802	224,080	9,507,152
Depreciation charge for 2003	60,819	665,677	795,554	72,915	45,661	1,640,626
Net book value / carrying amount						
As at 31 December 2004	2,129,594	3,428,662	1,256,243	139,568	206,089	7,160,156
As at 31 December 2003	2,200,002	2,983,026	1,281,931	194,835	247,154	6,906,948



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

3 Properties, Plant and Equipment (Cont'd...)

The Group

As at 31 December 2004, the details of the Group's freehold properties are as follows:-

Freehold properties/Location	Purpose/Valuation date	Approximate Built-in area (in square feet)	Carrying amount/ net book value	
			2004 \$	2003 \$
Held by subsidiary companies				
6 Tagore Drive #B1-05 Tagore Industrial Building, Singapore 787623.	Office/January 2005	2,486	979,594	1,000,002
6 Tagore Drive #B1-06 Tagore Industrial Building, Singapore 787623.	Office/January 2005	2,626	1,150,000	1,200,000
			2,129,594	2,200,002

The freehold properties of the Group were valued on the basis of open market value by an independent professional valuer. The impairment losses of \$23,333 (2003:\$662,530) has been transferred to the provision for impairment loss of the Group.

Freehold properties of the Group with carrying value / net book value of \$1,150,000 (2003:\$2,200,002) are mortgaged to the bank to secure the credit facilities for the Group (Note 18).

Certain plant and machinery and motor vehicles of the Group with net book value amounting to \$3,308,234 (2003:\$2,649,917) are acquired under hire purchase (Note 17).

Included in total depreciation expense is an amount of \$1,219,920 (2003:\$1,267,359) which has been included in cost of works.

The Company

	Motor Vehicle \$	Furniture and fittings \$	Total \$
At cost			
As at 1 January 2004	82,500	-	82,500
Additions	-	3,870	3,870
Disposals	-	-	-
As at 31 December 2004	<u>82,500</u>	<u>3,870</u>	<u>86,370</u>
Accumulated depreciation			
As at 1 January 2004	33,000	-	33,000
Depreciation charge for the year	16,500	387	16,887
Disposals / written off	-	-	-
As at 31 December 2004	<u>49,500</u>	<u>387</u>	<u>49,887</u>
Depreciation charge for 2003	<u>16,500</u>	<u>-</u>	<u>16,500</u>
Net book value			
As at 31 December 2004	<u>33,000</u>	<u>3,483</u>	<u>36,483</u>
As at 31 December 2003	<u>49,500</u>	<u>-</u>	<u>49,500</u>

Motor vehicle with net book value amounting to \$33,000 (2003:\$49,500) is acquired under hire purchase (Note 17).

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**4 Interests in Subsidiary Companies**

	The Company	
	2004	2003
	\$	\$
Unquoted equity shares, at cost	13,926,094	13,926,094
Amounts due from subsidiary companies		
- non-trade	18,867	6,853
- trade	1,871,450	1,720,200
Advance to subsidiary companies	450,000	380,000
Amount due to subsidiary companies		
- non-trade	-	(2,914)

Non-trade amounts and advances to subsidiary companies are unsecured, interest free with no fixed terms of repayment. Accordingly, it is not practical to determine the fair value of these balances. However, the Company does not anticipate the carrying amounts at the balance sheet to be significantly different from the value that would eventually be settled.

Details of the subsidiary companies are as follows:-

#	Name of subsidiary companies	Principal activities	Country of incorporation	Effective equity held by the Company		Cost of Investment	
				2004	2003	2004	2003
						\$	\$
#	Or Kim Peow Contractors (Private) Limited	Business of road and building construction and maintenance	Singapore	100%	100%	10,374,941	10,374,941
#	Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	100%	3,551,146	3,551,146
#	OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	100%	5	5
#	OKP Investments (China) Pte Ltd	Investment holding	Singapore	100%	100%	2	2
						<u>13,926,094</u>	<u>13,926,094</u>

Audited by Nexia Tan & Sitoh



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

5 Interests in Associated Company

	The Group	
	2004 \$	2003 \$
Unquoted equity shares, at cost	78,390	78,281
Share of net losses	(15,662)	-
	<u>62,728</u>	<u>78,281</u>

Details of the associated company are as follows:-

	Name of associated companies	Principal activities	Country of incorporation	Effective equity held by the Group		Cost of Investment	
				2004	2003	2004 \$	2003 \$
@	Anhui SIN-HK Management & Consultancy Company Limited ("Anhui SIN-HK")	Provision of technical management and consultancy services	China, Anhui	25%	25%	78,390	78,281

The following table illustrates summarised information of the investment in Anhui SIN-HK:-

	2004 \$	2003 \$
Share of associated company's balance sheet:		
Current assets	61,316	-
Non-current assets	546	-
Current liabilities	(382)	-
Net assets	<u>61,480</u>	<u>-</u>

Share of associated company's profit:

Profit after taxation	<u>(15,662)</u>	<u>-</u>
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@ Audited by another firm of auditors, Yongan (Anhui) Certified Public Accountants. The associated company is required to have a financial year ending 31 March each year in the People's Republic of China. The consolidated financial statements of the Group include the non-statutory results and financial position of the associated company as at 31 December 2004 audited by Nexia Tan & Sitoh for consolidation purposes.

6 Investment Property

	The Group	
	2004 \$	2003 \$
Investment property, at cost	934,048	934,048
Less: Impairment loss	(134,000)	(64,000)
	<u>800,048</u>	<u>870,048</u>
Fair value	800,000	870,000
Gross rental income	22,514	27,539

Movements in impairment losses of investment property:-

Balance at beginning of the financial year	64,000	-
Charge to profit and loss statement	70,000	64,000
Balance at end of the financial year	<u>134,000</u>	<u>64,000</u>

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**6 Investment Property (Cont'd...)**

Details of the investment property are as follows:-

Description	Location	Built-in-area (in square feet)	Tenure/Unexpired term	Net carrying value	
				2004 \$	2003 \$
Freehold property	No 190 Moulmein Rd #10-03, The Huntington, Singapore 308095.	1,151	Freehold	800,048	870,048

The above investment property of the Group are valued annually by an independent professional valuer. Valuations are made on the basis of open market value. It is the intention of the directors to hold the investment property for the long term.

The impairment loss of \$70,000 (2003: \$64,000) has been transferred to the provision for impairment loss of the Group.

Investment property is leased to third party under operating leases (Note 2n).

Investment property has been charged as security for credit facilities granted to a subsidiary company (Note 18).

7 Intangible Asset

	The Group	
	2004 \$	2003 \$
Goodwill arising on consolidation	2,363,060	2,363,060
Accumulated amortisation	-	-
Change in accounting policy (Note 2a)		
- Reclassified from accumulated amortisation	(675,509)	(675,509)
	<u>1,687,551</u>	<u>1,687,551</u>

Movements in intangible asset:-

At beginning of the financial year	1,687,551	1,923,857
Amortisation charged	-	(236,306)
At end of the financial year	<u>1,687,551</u>	<u>1,687,551</u>

Movements in accumulated amortisation of goodwill:-

At beginning of the financial year	675,509	439,203
Charge to profit and loss statement	-	236,306
Change in accounting policy (Note 2a)		
- Reclassified to cost	(675,509)	736,306
At end of the financial year	<u>-</u>	<u>675,509</u>

The early adoption of FRS 103, revised FRS 36 and revised FRS 38 resulted in a change in the accounting treatment for goodwill. FRS 103 required goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead, impairment is tested annually, or more frequently if events or changes in circumstances indicate that the goodwill might be impaired. The replaced FRS 22 required acquired goodwill to be systematically amortised over its useful life, and included a rebuttable presumption that its useful life could not exceed twenty years from initial recognition.

Had FRS 103 not been implemented, the goodwill amortisation to the profit and loss statement of \$236,306 would be made and reduced the profit before taxation by the same amount.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

8 Deferred Tax (Assets)/Liabilities

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to income taxes levied by the same taxation authority. The amounts, determined prior to offsetting, as shown on the balance sheets as follows:-

	The Group	
	2004 \$	2003 \$
Deferred tax assets	(78,744)	-
Deferred tax liabilities	328,971	358,065
	<u>250,227</u>	<u>358,065</u>

The movement in the deferred tax account is as follows:-

	The Group	
	2004 \$	2003 \$
At beginning of the financial year	358,065	415,068
Tax (credit)/charge to profit and loss statement:-		
- Effect of changes in tax rates (Note 27)	(32,333)	-
- Deferred tax income relating to the originating and reversal of temporary differences	(75,505)	(57,003)
	<u>(107,838)</u>	<u>(57,003)</u>
At end of the financial year	<u>250,227</u>	<u>358,065</u>

The movement in the deferred tax (assets) and liabilities (prior to offsetting of balances) during the year is as follows:-

The Group

	Accelerated tax depreciation \$	Provisions and allowances \$	Total \$
At 1 January 2004	358,065	-	358,065
Tax (credit)/charge to profit and loss statement:-			
- Effect of changes in tax rates (Note 27)	(32,333)	-	(32,333)
- Deferred tax income relating to the originating and reversal of temporary differences	(26,689)	(48,816)	(75,505)
	<u>(59,022)</u>	<u>(48,816)</u>	<u>(107,838)</u>
At 31 December 2004	<u>299,043</u>	<u>(48,816)</u>	<u>250,227</u>
At 1 January 2003	415,068	-	415,068
Credited to profit and loss statement	(57,003)	-	(57,003)
At 31 December 2003	<u>358,065</u>	<u>-</u>	<u>358,065</u>

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**8 Deferred Tax (Assets)/Liabilities (Cont'd...)**

The following temporary differences have not been recognised in respect of:-

	The Group	
	2004	2003
	\$	\$
Prepayments	-	31,506

Net temporary differences results in deferred tax assets are not adjusted as amounts are insignificant. Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which temporary differences can be utilised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

9 Construction Contracts Work-In-Progress

	The Group	
	2004	2003
	\$	\$
Gross amount due (to) from customers for contract work		
Construction costs incurred	92,044,668	75,576,248
Recognised profit	8,951,345	11,262,509
Contract costs incurred and recognised profit to date	100,996,013	86,838,757
Accumulated progress billings	(95,712,583)	(83,524,254)
Net	5,283,430	3,314,503

10 Trade Receivables

	The Group	
	2004	2003
	\$	\$
Third parties	13,638,381	10,282,958
Less: Allowance for doubtful receivables	(47,579)	-
	13,590,802	10,282,958

Movements in allowance for doubtful receivables:-

At beginning of financial year	-	-
Charge to profit and loss statement	47,579	-
At end of financial year	47,579	-

Concentrations of credit risk with respect to trade receivables are limited as 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. Due to these factors, the directors believe that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The carrying amounts of current trade receivables approximate their fair values.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

11 Advances To Subsidiary Companies

Advances to subsidiary companies are unsecured, interest free with no fixed terms of repayment. Accordingly, it is not practical to determine the fair value of these balances. However, the Company does not anticipate the carrying amounts at the balance sheet to be significantly different from the value that would eventually be settled.

12 Amounts Due From Subsidiary Companies

	The Company	
	2004 \$	2003 \$
Trade	1,871,450	1,720,200
Non-trade	18,867	6,853
	<u>1,890,317</u>	<u>1,727,053</u>

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

13 Other Receivables, Deposits and Prepayments

	The Group		The Company	
	2004 \$	2003 \$	2004 \$	2003 \$
Other receivables				
- Loan to employees	18,881	6,797	-	-
- Others	85,911	50,271	-	-
Deposits	223,913	213,235	-	-
Prepayments	407,243	385,833	13,524	19,619
	<u>735,948</u>	<u>656,136</u>	<u>13,524</u>	<u>19,619</u>

Loan to employees are interest-free and unsecured.

14 Cash and Cash Equivalents

	The Group		The Company	
	2004 \$	2003 \$	2004 \$	2003 \$
Cash at bank and in hand	6,874,940	7,067,623	218,084	54,140
Fixed deposits with banks	5,060,357	3,332,046	-	-
	<u>11,935,297</u>	<u>10,399,669</u>	<u>218,084</u>	<u>54,140</u>
Fixed deposits pledged to banks	(4,967,421)	(3,235,503)		
Cash and cash equivalents in consolidated statement of cash flows	<u>6,967,876</u>	<u>7,164,166</u>		

The carrying amounts of cash and cash equivalents approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**14 Cash and Cash Equivalents (Cont'd...)**

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Singapore Dollar	11,794,091	10,252,441	218,084	54,140
United States Dollar	141,206	147,228	-	-
	11,935,297	10,399,669	218,084	54,140

Fixed deposits of \$4,967,421 (2003:\$3,235,503) of the Group are pledged to banks for banking facilities granted to some of the subsidiary companies (Note 18).

The effective interest rates per annum relating to cash and cash equivalents at the balance sheet date for the Group are 0.40% to 0.74% (2003: 0.57% to 0.64%). Interest rates reprice within a period of twelve months.

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 33.

15 Trade and Other Payables

	The Group		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Trade payables	15,338,446	9,705,361	25,976	20,876
Accrued operating expenses	3,074,722	1,674,026	496,022	404,067
Other payables	9,740	3,360	-	-
	18,422,908	11,382,747	521,998	424,943

The carrying amounts of current trade, accrued operating expenses and other payables approximate their fair values.

16 Amounts Due To Subsidiary Companies (Non-Trade)

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

17 Obligations Under Hire Purchase

	The Group		The Company	
	2004	2003	2004	2003
	\$	\$	\$	\$
Hire Purchase instalment				
Within 1 year	929,391	789,241	12,888	12,888
After 1 year but within 5 years	1,450,987	1,018,872	21,452	34,338
Less: Deferred Finance Charges	(261,436)	(174,617)	(3,938)	(5,426)
	2,118,942	1,633,496	30,402	41,800
 Due within 12 months	 835,437	 743,877	 11,400	 11,400
Due after 12 months	1,283,505	889,619	19,002	30,400
	2,118,942	1,633,496	30,402	41,800



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

17 Obligations Under Hire Purchase (Cont'd...)

The effective interest rates per annum relating to obligations under hire purchase at the balance sheet date for the Group and the Company are 4.12% to 5.34% (2003: 5.80% to 6.72%) and 1.80% to 4.12% (2003: 1.80% to 3.62%) respectively.

18 Interest-Bearing Bank Loans - (secured)

	The Group	
	2004 \$	2003 \$
Short term loans - secured	1,100,000	-
Long term loans - secured	-	1,865,738
	<u>1,100,000</u>	<u>1,865,738</u>

During the financial year, certain subsidiary companies obtained new loan facilities to refinance its existing bank loan facilities.

Security granted

The above are secured by legal mortgages over one of the Group's freehold properties (Note 3) and Group's investment property (Note 6) with net carrying value amounting to \$1,150,000 (2003: \$2,200,002) and \$800,048 (2003: \$870,048) respectively, fixed deposits (Note 14) and negative pledges over assets of certain subsidiary companies. The Company has provided corporate guarantee on the above facilities granted to the subsidiary companies.

Maturity of borrowings

The above borrowings have the following maturity:-

	The Group	
	2004 \$	2003 \$
Within one year	1,100,000	140,016
Later than one year	-	1,725,722
	<u>1,100,000</u>	<u>1,865,738</u>

Interest rate risks

The effective interest rate as at the balance sheet date on the above borrowings ranged from 1.01% to 3.01% (2003: 4.50% to 5.50%) per annum.

The exposure of current borrowings to interest rate risks is disclosed in Note 33.

Carrying values

The fair values of the above borrowings as at balance sheet date approximate their carrying values as these borrowings carry floating interest rates, which are repriced frequently.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**19 Share Capital**

	The Company	
	2004	2003
	\$	\$
Authorised:-		
500,000,000 ordinary shares of \$0.10 each	500,000,000	500,000,000
Issued and paid-up capital:-		
At beginning and end of financial year		
136,260,940 ordinary shares of \$0.10 each	13,626,094	13,626,094

20 Revenue Reserves

- (a) Revenue reserves of the Group and the Company are distributable.
- (b) Movements in revenue reserves for the Company is as follows:-

	The Company	
	2004	2003
	\$	\$
At beginning of financial year	721,514	683,143
Net profit for the financial year	835,373	706,371
Dividends paid (Note 29)	(563,000)	(668,000)
At end of financial year	993,887	721,514

Movement in revenue reserves for the Group is shown in the Consolidated Statements of Changes in Equity.

21 Revenue

	The Group	
	2004	2003
	\$	\$
Revenue from road and building construction	54,129,026	32,734,496
Revenue from road maintenance	18,580,819	24,021,501
	72,709,845	56,755,997

22 Cost of Works

Included in the cost of works are the following:-

	The Group	
	2004	2003
	\$	\$
Depreciation of properties, plant and equipment	1,219,920	1,267,359
Staff costs		
- Salaries and bonuses	7,545,361	6,745,655
- Employer's contribution to defined contribution plans including Central Provident Fund	489,268	504,498



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

23 Other Income

	The Group	
	2004 \$	2003 \$
Rental income from investment property	22,514	27,539
Gain on disposal of plant and equipment	35,609	133,758
Interest income from bank deposits	32,388	22,347
Gain on foreign exchange (realised)	-	3,188
Income from scrap sales	103,026	-
Others	251,358	84,987
	444,895	271,819

24 Profit From Operations

The following items have been included in arriving at profit from operations:-

	Note	The Group	
		2004 \$	2003 \$
After charging:-			
Auditors' remuneration			
- auditors of the Company		43,200	43,200
Non audit fee paid to:			
- auditors of the Company		4,400	4,400
Amortisation of intangible asset	7	-	236,306
Depreciation of properties, plant and equipment (included in administrative expenses)	3	333,081	373,267
Depreciation of properties, plant and equipment (included in cost of works)	3	1,219,920	1,267,359
Loss on disposal of plant and equipment		5,451	47,439
Directors' remuneration			
- directors of the Company		1,370,427	1,277,197
- other directors		264,698	271,980
Directors' fee			
- directors of the Company		120,000	120,000
- other directors		-	-
Preliminary expenses written off		-	2,675
Impairment losses of			
- properties, plant and equipment (included in operating expenses)	3	23,333	662,530
- Investment property	6	70,000	64,000
Loss on foreign exchange (unrealised)		5,717	4,460
Allowances for doubtful receivables (trade)	10	47,579	-

And crediting:-

Interest income from bank deposits	32,388	22,347
Gain on disposal of plant and equipment	35,609	133,758
Gain on foreign exchange (realised)	-	3,188

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**25 Staff Costs**

	The Group	
	2004	2003
	\$	\$
Salaries and bonuses (included in administrative expenses)	965,640	768,162
Employer's contribution to defined contribution plans including Central Provident Fund (included in administrative expenses)	96,436	92,200
	1,062,076	860,362

The number of employees in the Group and the Company as at 31 December 2004 were 398 (2003: 387) and 10 (2003: 11) respectively.

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

	Executive Directors		Non-Executive Directors		Total	
	2004	2003	2004	2003	2004	2003
\$250,000 to \$499,999	4	4	-	-	4	4
Below \$250,000	1	1	3	3	4	4
	5	5	3	3	8	8

26 Finance Costs

	The Group	
	2004	2003
	\$	\$
Interest paid and payable to		
- banks	87,482	90,180
- hire purchase creditors	90,861	98,593
	178,343	188,773

27 Income Taxes**Income tax expenses**

	The Group	
	2004	2003
	\$	\$
Current tax expense		
- Current year	614,000	1,038,000
- (Over)/Under provision in respect of prior years	(355,731)	292,640
	258,269	1,330,640
Deferred tax expense		
- Deferred tax (income) relating to the originating and reversal of temporary differences	(75,505)	44,997
- Deferred tax (income) resulting from reduction in tax rate	(32,333)	-
- Overprovision in respect of prior years	-	(102,000)
	(107,838)	(57,003)
Total tax expenses in profit and loss statement	150,431	1,273,637



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

27 Income Taxes (Cont'd...)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:-

	The Group	
	2004	2003
	\$	\$
Profit before tax	1,712,840	2,681,607
Add: Share of net losses of associated company	15,662	-
Adjusted profit before tax	1,728,502	2,681,607
Tax calculated at a tax rate of 20% (2003:22%)	345,700	589,954
Effect of changes in tax rate	(32,333)	-
Expenses not deductible for tax purposes	304,240	536,424
Effect of tax incentives	(5,652)	(8,731)
Under/(Over) provision in respect of prior years		
- current taxation	(355,731)	292,640
- deferred taxation	(75,505)	(102,000)
Tax exemption	(31,500)	(34,650)
Others	1,212	-
	150,431	1,273,637

28 Earnings Per Share

	The Group			
	2004		2003	
	Basic	Diluted	Basic	Diluted
	\$	\$	\$	\$
Profit attributable to shareholders	1,562,409	1,562,409	1,407,970	1,407,970
	Number of Shares		Number of Shares	
Weighted average number of shares used to compute earnings per share	136,260,940	136,260,940	136,260,940	136,260,940
Earnings per share (cents)	1.15	1.15	1.03	1.03

29 Dividends

	The Company / The Group	
	2004	2003
	\$	\$
Dividends paid:-		
First and final one tier tax-exempt dividend paid in respect of the previous financial year of 0.41cents (2003: 0.49 cents) per share (Note 20)	563,000	668,000

The directors have proposed a final one-tier tax exempt dividend for 2004 of 0.49 cents per share amounting to a total of \$667,000 (2003: 0.41 cents per share amounting to a total of \$563,000).

These financial statements do not reflect these proposed dividends, which will be accounted for in shareholder's equity as an appropriation of revenue reserves in the financial year ending 31 December 2005 (2003: 31 December 2004) when they are approved at the next annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**30 Contingent Liabilities**

The Group has contingent liabilities in respect of bankers' guarantees given to third parties and banks as a results of construction contracts undertaken. The directors are of the view that no material liabilities will arise from the bankers' guarantees at the date of these financial statements.

	The Group	
	2004	2003
	\$	\$
Performance guarantees on construction contracts and temporary occupational license of the subsidiary companies	12,612,675	12,153,700

As at the balance sheet date, the Company had issued corporate guarantees amounting to \$12,053,900 (2003:\$10,589,548) for banking facilities granted to some of the subsidiary companies.

31 Capital Commitments

Capital expenditures contracted for at balance sheet date but not recognised in the financial statements are as follows:

	The Group	
	2004	2003
	\$	\$
Properties, plant and equipment	45,000	-

32 Related Party Transactions

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.

In addition to the related party information disclosed elsewhere in the accounts, there were the following related party transactions took place during the financial year on terms agreed between the parties:

	The Group	
	2004	2003
	\$	\$
Purchases of motor vehicles from Sin Kah Heng Motor Trading Co (Note a)	57,000	207,200
Professional fees paid to Loo & Partners (Note b)	22,600	18,200
Purchase of motor vehicle from Citysafe Pte Ltd (Note c)	7,000	-
Sale of equipment to Helmi Construction Pty Ltd	-	7,620

- (a) Sin Kah Heng Motor Trading Co ("SKH") is engaged in the trading of motor vehicles and is a business owned by Mdm Ng Kim Hong, who is the sister-in-law of Mr Or Kim Peow, one of the directors of the Company. The Group purchased both new and second-hand motor vehicles from SKH. The transactions with SKH are based on normal commercial terms.
- (b) Mr Loo Choon Chiaw, who is a director of the Company, is the Managing Partner of Loo & Partners ("L&P"). The professional fees paid to L&P are according to prevailing market rates compared to other legal firms providing similar services.
- (c) Citysafe Pte Ltd ("Citysafe") was engaged in the business of recycling of plastic material. The directors of Citysafe were Mr Or Kim Peow, Mr Or Toh Wat and Mr Or Kiam Meng. Citysafe was sold off during the financial year 2004.



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

33 Financial Instruments

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, particularly interest rate, currency, liquidity and credit risks. The Group's risk management policies seek to, where appropriate, minimise potential adverse effects of these risks on the financial performance of the Group. The policies for managing these risks are summarised below.

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.

As at the balance sheet date, the Group has no significant concentration of credit risks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group has cash balances placed with reputable banks which generate interest income for the Group. Those deposits are generally with short-term maturities to provide the Group the flexibility to meet working capital and other investments needs.

The Group's debt consists of bank borrowings taken up by certain subsidiaries companies to finance their respective operations. These borrowings, which are exposed to interest rate risks, are monitored on an on-going basis so as to minimise interest risk rate.

Foreign currency risk

The Group's exposure to foreign exchange rate risk is kept at minimal level as its purchases and sales are predominately denominated in Singapore dollars.

In addition, the Group also has investment in foreign associated company, whose net assets are exposed to currency risk. The Group monitors its currency risk resulting from foreign currency exposure of the net assets of its foreign associated company.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

Fair value of financial assets and liabilities

The fair values of the financial assets and financial liabilities approximates their carrying values due principally to the short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004**34 Segmental information**

The Group is primarily engaged in two business segments, namely road and building 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 year ended 31 December 2004**

	Road and Building Construction \$'000	Road Maintenance \$'000	Corporate and Others \$'000	Elimination \$'000	Group \$'000
Revenue and expenses					
External revenue	54,129	18,581	-	-	72,710
Inter-segment revenue	2,470	1,844	-	(4,314)	-
Total revenue					72,710
Profit from operations					1,907
Finance costs					(178)
Share of result of associated company					(16)
Profit before taxation	647	1,066	-	-	1,713
Taxation					(150)
Profit after taxation					1,563
Assets and liabilities					
Segment assets	16,368	2,506	-	-	18,874
Unallocated assets	-	-	-	-	22,461
Consolidated assets					41,335
Segment liabilities	12,771	4,743	-	-	17,514
Unallocated liabilities	-	-	-	-	4,903
Consolidated liabilities					22,417
Depreciation and amortisation	916	304	333	-	1,553
Impairment loss of properties and investment property	-	-	93	-	93



NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2004

34 Segmental information (Cont'd...)

(a) Business Segments (Cont'd...)

Statement of Group results for year ended 31 December 2003

	Road and Building Construction \$'000	Road Maintenance \$'000	Corporate and Others \$'000	Elimination \$'000	Group \$'000
Revenue and expenses					
External revenue	32,734	24,022	-	-	56,756
Inter-segment revenue	-	10,457	-	(10,457)	-
Total revenue	32,734	34,479	-	(10,457)	56,756
Profit from operations					2,870
Finance costs					(189)
Profit before taxation	1,656	1,025	-	-	2,681
Taxation					(1,273)
Profit after taxation					1,408
Assets and liabilities					
Segment assets	8,292	5,305	-	-	13,597
Unallocated assets	-	-	-	-	20,599
Consolidated assets					34,196
Segment liabilities	7,704	2,798	-	-	10,502
Unallocated liabilities	-	-	-	-	5,776
Consolidated liabilities					16,278
Depreciation and amortisation	702	565	610	-	1,877
Impairment loss of properties and investment property	-	-	727	-	727

(b) Geographical Segments

The Group operates predominantly in Singapore.

35 Comparative Figures

Certain items in the comparative figures have been reclassified to conform with the current year's presentation.

STATISTICS OF SHAREHOLDINGS as at 7 March 2005

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	-	-	-	-
1,000 - 10,000	1,314	82.96	4,279,000	3.14
10,001 - 1,000,000	259	16.35	18,782,000	13.78
1,000,001 and above	11	0.69	113,199,940	83.08
Total	1,584	100.00	136,260,940	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte Ltd	89,901,940	65.98	-	-
Or Kim Peow, PBM	4,830,000	3.54	89,901,940	65.98

Note: 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, Chapter 50.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Or Kim Peow Investments Pte Ltd	89,901,940	65.98
2	Or Kim Peow, PBM	4,830,000	3.54
3	Ang Beng Tin	2,939,000	2.16
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 Elaine	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	Ng Kim Hong	847,000	0.62
14	Liau Yan Keng	692,000	0.51
15	Oh Teck Lim	406,000	0.30
16	Aw Lian Huat	400,000	0.29
17	Kim Eng Securities Pte. Ltd.	399,000	0.29
18	Phillip Securities Pte Ltd	389,000	0.29
19	Goh Kwang Chay	375,000	0.28
20	Yang Pow Si	375,000	0.28
Total		118,028,940	86.62

Rule 723 of the SGX Listing Manual - Free float

As at 7 March 2005, there were 21,268,000 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of OKP HOLDINGS LIMITED will be held at No. 6 Tagore Drive #B1-06 Tagore Industrial Building Singapore 787623 on Wednesday, 27 April 2005 at 12.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 2004 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of 0.49 cents per ordinary share for the year ended 31 December 2004. (2003: 0.41 cents per share) **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-
 Mr Oh Enc Nam **(Resolution 3)**
 Mdm Ang Beng Tin **(Resolution 4)**
4. To pass the following Ordinary Resolutions pursuant to Section 153(6) of the Companies Act, Chapter 50:-
 - (a) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Or Kim Peow, PBM be re-appointed a Director of the Company to hold office until the next Annual General Meeting. [see Explanatory Note (i)] **(Resolution 5)**
 - (b) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Tan Boen Eng be re-appointed a Director of the Company to hold office until the next Annual General Meeting. [see Explanatory Note (i)] **(Resolution 6)**

Mr Tan Boen Eng will, upon re-appointment as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
5. To approve the payment of Directors' fees of S\$120,000 for the year ended 31 December 2004. **(Resolution 7)**
6. To re-appoint Nexia Tan & Sitoh as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:-

8. 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, 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 (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 Company's next Annual General Meeting. [see Explanatory Note (ii)] **(Resolution 9)**

BY ORDER OF THE BOARD

WEE WOON HONG
 Company Secretary
 Singapore
 1 April 2005

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) The effect of Ordinary Resolutions 5 and 6 proposed in item 4 above, if passed, is to re-appoint Mr Or Kim Peow, PBM and Mr Tan Boen Eng, who are over 70 years old, as Directors of the Company to hold office until the next Annual General Meeting of the Company. Section 153(6) of the Companies Act, Chapter 50 requires the re-appointments to be approved by way of ordinary resolutions at the Annual General Meeting of the Company.
- (ii) The Ordinary Resolution proposed in item 8 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 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. 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.

NOTES:

- (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.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of OKP Holdings Limited (the "Company") will be closed on 6 May 2005 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 5 May 2005 will be registered to determine shareholders' entitlements to such dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 5 May 2005 will be entitled to the proposed dividend.

Payment of the dividend, if approved by shareholders at the Annual General Meeting to be held on 27 April 2005, will be made on 27 May 2005.

BY ORDER OF THE BOARD

WEE WOON HONG
Company Secretary
1 April 2005

PROXY FORM
ANNUAL GENERAL MEETING

I/We, _____ (Name)
of _____ (Address)
being a member/members of OKP HOLDINGS LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as 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, 27 April 2005 at 12.00 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 or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	For*	Against*
1	Directors' Report and Audited Accounts for the year ended 31 December 2004		
2	Payment of proposed first and final one-tier tax exempt dividend		
3	Re-election of Mr Oh Enc Nam as a Director		
4	Re-election of Mdm Ang Beng Tin as a Director		
5	Re-appointment of Mr Or Kim Peow, PBM as a Director		
6	Re-appointment of Mr Tan Boen Eng as a Director		
7	Approval of Directors' fees amounting to S\$120,000.00		
8	Re-appointment of Nexia Tan & Sitoh as Auditors		
9	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 _____, 2005.

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 Meeting 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 Meeting.
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 Meeting, as certified by The Central Depository (Pte) Limited to the Company.



OKP Holdings Limited

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