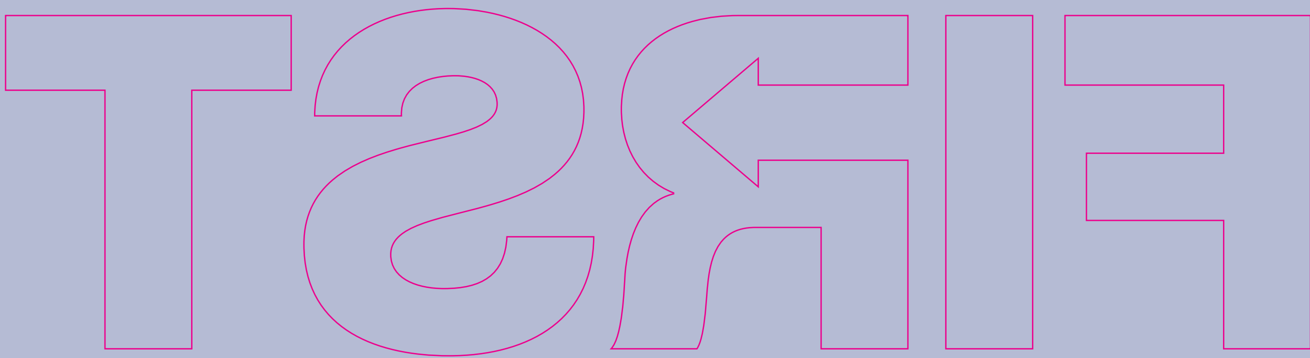
FIRST

OKP HOLDINGS LIMITED
胡 金 標 控 股 有 限 公 司

ANNUAL REPORT 2007

Rationale

We draw our theme “First and Preferred” for our annual report 2007 from our mission statement. The word “first” carries different meanings, including: being earliest in time and order; foremost in position, rank or importance; most willing or likely; first place in a race; before any other person or thing. When we say someone or something is first-class or first-rate, we mean that it is excellent, of the very best quality. The word “prefer” means to choose and to like better; to favour, lean or incline toward; to be more desirable. Thus, to be preferred means to be more desirable. As a young and growing organisation, we find it helpful to look towards our mission statement to help us stay focused. In particular, this phrase “*First and Preferred*” expresses our desire to become first and preferred in every sense of the word – particularly with our customers, but also with those in the investment community. Indeed, we seek to be first and preferred in almost every aspect of our business and in our lives. This annual report helps us to articulate this intent.



contents

> OUR MISSION AND VISION

OUR MISSION > To be the first and preferred civil engineering contractor for various industries, here and overseas.

OUR VISION > To be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

> OUR CORPORATE PROFILE

OKP Holdings Limited (OKP) is a leading home-grown infrastructure and civil engineering company in the region, specialising in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas related infrastructure for petrochemical plants and oil storage terminals.

Established in 1966 by Founder and Chairman, Mr Or Kim Peow, OKP has two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering and infrastructure construction projects. Our works involve the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and road-related facilities and construction-related works.

The Group has eight subsidiary companies namely Or Kim Peow Contractors (Private) Limited, Eng Lam Contractors Co (Pte) Ltd, OKP Technical Management Pte Ltd, OKP Investments (China) Pte Ltd, United Pavement Specialists Pte Ltd, OKP (Oil & Gas) Infrastructure Pte Ltd, United Pavement Specialists (CNMI) Corporation Ltd and OKP (CNMI) Corporation in Saipan, the Commonwealth of Northern Mariana Islands.

OKP's clientele includes the Civil Aviation Authority of Singapore, Commonwealth Ports Authority from the Commonwealth of Northern Mariana Islands, the Land Transport Authority, the Housing Development Board, the Public Utilities Board, the Jurong Town Corporation, the National Parks Board, Rotary Engineering Limited, Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd, Universal Terminal (S) Pte Ltd and Far East Organisation.

OKP has been listed on the Singapore Exchange of Singapore Dealing and Automated Quotation System (SESDAQ), now renamed CATALIST, since 26 July 2002.

> OUR GUIDING PRINCIPLES

To Our Clients,
we are committed to providing them with a superior service that meets their time schedule, exceeds their requirements in quality, reliability and safety and that 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/partners to our business, and we as their *first and preferred* customer.

To Our Employees,
we are committed to providing them with a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

To Our Shareholders,
we are committed to maximising their return on investment while maintaining excellence in our products and services.

> OUR MILESTONES

2002

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

2003

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

2004

- Ranked the 2nd runner-up at the 30th Annual Report Awards in the SESDAQ-listed companies category
- Successfully completed our first construction-related high-rise building project

2005

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

2006

- Awarded our first overseas project worth approximately $14.3 million in Rota
- Became the first Singapore company to do business in the CNMI
- Broke into oil and gas industry with our first – and largest – project worth approximately $50 million
- Became one of the first civil contractors appointed by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd to carry out civil works in the new Polymer Storage for ExxonMobil Chemical Asia Pacific in relation to the Singapore Parallel Train Project
- Won the Best Annual Report Award for SESDAQ company at the Inaugural Singapore Corporate Awards 2006
- Incorporated a 55%-owned subsidiary company, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia
- Winner of the Housing Development Board Safety Award 2006
- Secured our first project with the National Parks Board
- Received the Contractor of the Month Award for July 2006 by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd

2007

- Issued and allotted 13.6 million new ordinary shares for cash at $0.16821 each pursuant to a placement exercise
- Incorporated a 55% joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, to carry out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore
- Bagged a $44 million civil engineering deal from Foster Wheeler Asia Pacific Pte Ltd for ExxonMobil's multi-billion dollar petrochemical project, known as the Singapore Parallel Train Project
- Secured two awards totaling $8.6 million from the Land Transport Authority to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race slated for September 2008
- OKP (Oil & Gas) Infrastructure Pte Ltd took off, securing three projects on Jurong Island worth a total of $11.1 million
- Received the Contractor of the Month Award for October 2007 by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd
- Successfully completed our first overseas project in Rota

LEAD

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TH VISION

“ Going forward, we will continue to grow our business in what we know and do best.

Our core skills and expertise can be deployed in various industries, and we will do our utmost to seek out opportunities and strike up alliances where it makes strategic sense, where opportunities arise and where there are synergies to be reaped.

Above all, we shall continue to keep our faculties sharp and alert, so that when opportunities do present themselves, we will be quick and nimble to seize them.”

OR KIM PEOW
Group Chairman

> CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2007 was a busy and eventful one for OKP Holdings Limited. The year saw us breaking a number of our own records and it is thus with much pleasure that I present our financial performance for the year ended 31 December 2007.

Financial highlights

Buoyed by a strong economy and a vibrant construction sector, we turned in a record net profit after tax and minority interest of $11.2 million for the full year ended 31 December 2007, up 175% from the previous year. Group turnover hit a high of $124.7 million, up 70% from our previous peak of $73.3 million that we achieved in the previous financial year. With the inclusion of the $0.6 million gain in fair value changes of an investment property, profit before tax for the period under review rose to $14.3 million, an increase of 167% over the $5.4 million it recorded previously.

The Group also registered a stronger gross profit margin of 17.5% and PATMI (profit after tax and minority interest) margin of 8.9% compared to 14.3% and 5.7% respectively the previous year. With this strong performance, earnings per share for the period under review rose to 7.39 cents, up 143% against 3.04 cents in the preceding year.

The bulk of the Group's revenue was generated from its construction segment, which saw a year-on-year surge of 95.9% from $53.4 million to contribute $104.7 million – or 84% – to total revenue. The strong growth in revenue is due to higher revenue recognised from a few key construction projects in FY2007. Revenue from the Group's maintenance segment remained fairly constant at $20 million, compared with $19.8 million in the previous year.

We ended the year with strong financials. Our assets totalled $77.0 million and net tangible assets stood at $32.6 million. This works out to 21.8 cents per share, compared with 15.4 cents per share as at 31 Dec 2006, an increase of 41.6%. We also registered a positive net working capital of $23.3 million, an increase of 65.3% compared to the previous year. OKP also generated strong and healthy cash flows with net cash position of $24.9 million as at 31 December 2007.

Our strong results are a combination of many factors: more new projects, greater diversification of client base, better margins, good project management, prudent financial management and a sharpening focus within the Group to strengthen internal policies and systems to ensure a strong and solid workforce.

Buoyant construction sector

Singapore's construction sector emerged as a major growth driver for the Singapore economy. In 2007, total value of construction contracts ballooned to $24.5 billion from $16.1 billion in 2006, due mainly to private sector demand. This strong showing in demand will translate into high construction activity over the next few years and according to reports, construction Gross Domestic Product (GDP) growth rate is expected to be sustained at double-digit for 2008. The year also saw the commitments in Fixed Asset Investments (FAI) brought in by the Singapore Economic Development Board (EDB) exceeding $10 billion. Capital-intensive projects that EDB managed to attract included ExxonMobil's second world-scale petrochemical project and Neste Oil's world's largest next-generation biodiesel manufacturing plant.

This positive outlook formed an ideal backdrop for OKP to forge a solid and sustainable growth path. We continued to consolidate our position in the arena of public sector jobs, and to grow our presence strongly in the Oil & Gas Sector. We were able to secure higher-value contracts with solid margins, and these helped lift OKP to a higher level of visibility in the business and investment community.

> CHAIRMAN'S STATEMENT (CONT'D)

In a year that was speckled with challenges and opportunities, OKP remained alert and single-minded. As a young and growing organisation, we find it helpful to look towards our mission statement to help us stay focused. Our mission statement reads that at OKP, we strive to be the first and preferred choice of civil engineering contractor for various industries, here and overseas. In particular, this phrase "*First and Preferred*" has helped us to stay vigilant, mindful always that for us, the journey – the way we executed our projects – would often determine the outcome.

It was a year during which we had to contend with the sand export ban imposed by Indonesia and the granite supply disruption in February and the subsequent rises in the prices of basic construction materials although these have since stabilised. We saw an increasingly-tightening labour market, the US sub-prime crisis and a stock market that was jittery at times.

For OKP, it was also a year during which we reaped rewards from our strategic joint venture in the Oil & Gas Sector, saw the completion of our first overseas project at Rota, the securing of an important contract relating to an oil major as well as contracts from the Land Transport Authority to prepare roads for the Formula One race later this year. OKP's market capitalisation also grew substantially and as a result, market-watchers sat up and took notice of OKP's gradual rise in a booming construction sector and a vibrant Oil & Gas market.

Making our mark in Oil & Gas

Our first oil and gas project on Jurong Island in relation to the $750 million Universal Terminal, a massive petroleum storage facility built by local oil trading company Hin Leong, is expected to be completed by early 2008. The terminal now takes pride of place on a 56-hectare plot on Jurong Island as one of the world's largest independent oil terminals with a capacity of 2.3 million cubic meters (cbm) housed in 73 storage tanks and 12 marine jetties.

Our most celebrated win last year was the hefty $44 million civil engineering deal from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd (FWP) for ExxonMobil's multi-billion dollar petrochemical project, known as the Singapore Parallel Train Project (SPT). We are proud to be associated with this project, especially as it bears testimony to our track record in quality, productivity and safety. In October 2007, OKP received the Contractor of the Month Award from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

Our joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, also took off to a good start. We secured a total of three projects totalling $11.1 million. We were proud to be associated with plants owned by world-class names such as Australian group Natural Fuel Pte Ltd and US-based SI Group, a world leader in the production of alkylphenols and a leading global producer of performance resins.

Public sector work

Our presence in public sector projects remains strong, as we continue to strengthen our foothold in this sector. OKP has had a long tradition of doing public sector jobs, and doing government jobs help to reinforce our sound track record and our solid reputation in the civil engineering business.

In 2007, we secured a total of eight public sector contracts, totalling $47.9 million from the Public Utilities Board, the Land Transport Authority, the Jurong Town Corporation and the Housing & Development Board. These works included road widening, road maintenance and general upgrading works.

Of noteworthy mention would be the two awards totalling $8.6 million from the Land Transport Authority to widen and re-surface roads with special-mix asphalt in readiness for the prestigious Formula One race slated for September 2008. Indeed, we are delighted to be involved in such a project and the project seems a fitting recognition of our capabilities, reliability and track record.

Strengthening core values

Part of our effort to become *first and preferred* involves strengthening internal structures, ensuring that in the midst of growing our business, we do not forget the core values that have taken us to where we are today.

Over the last year or so, OKP has streamlined and restructured our manpower, training and development according to specialist capabilities to handle projects more efficiently. Currently three such teams are in place, namely, Oil & Gas/Petrochemical, Airport Infrastructure and Roads Construction and Road Maintenance.

More importantly the company continues to imbue in staff the core values that have taken the company thus far. These include qualities such as teamwork, dedication, decisiveness, excellence and integrity.

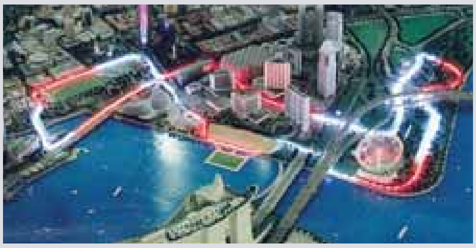
Outlook

The construction outlook for 2008 continues to be optimistic. Indeed, as the economy moves to moderation in the coming months, the sector is seen to be one of the buttresses of the Singapore economy. According to the Building and Construction Authority (BCA), construction demand is projected to reach between $23 billion and $27 billion in 2008 if all planned projects proceed as scheduled. Civil engineering construction demand is expected to increase in 2008, totalling an estimate of $3.5 billion to $4.2 billion. Several projects have been slated to proceed this year to support the Marina Bay area, including the 5-km long Marina Coastal Expressway and the remaining contracts of Downtown Line Stage 1. Other infrastructure projects will continue to be contributed by the Land Transport Authority's road works, the Ministry of National Development's Estate Upgrading Programme, the Public Utility Board's sewerage and drainage projects, the PSA Corporation's berth and stacking yard construction and Singapore Power's utility and cabling projects, according to a BCA report.

It is no wonder then that analysts are bullish, saying that earnings outlook and operational landscape for Singapore's construction sector have never looked more robust. A report in the Business Times has also forecast Singapore's construction spending to hit $55 billion by 2011, buoyed by contracts to be awarded for the integrated resorts and petrochemical plants at Jurong Island.

A buoyant construction sector does bring its own set of challenges. For example, we anticipate manpower to continue to be tight and we are putting in place initiatives to help us recruit and retain staff. Rising cost of construction materials will be another issue and we will need to keep a sharp eye on these prices even as we continue to ride the boom.

As the Group steers forward, it behooves OKP to be constantly attentive to the factors that would contribute to the success of its business.



> CHAIRMAN'S STATEMENT (CONT'D)

To this end, top of our list is to stay focused on our core business. Going forward, we will continue to grow our business in what we know and do best. The construction of urban and arterial roads, expressways, vehicular bridges, flyovers, buildings and airports infrastructure will remain our core business. At the same time, we will seek to prospect actively for more contracts in the Oil & Gas Sector.

Our core skills and expertise can be deployed in various industries, and we will do our utmost to seek out opportunities and strike up alliances where it makes strategic sense, where opportunities arise and where there are synergies to be reaped.

Above all, we shall continue to keep our faculties sharp and alert, so that when opportunities do present themselves, we will be quick and nimble to seize them.

Best investor relations award

Over the year, OKP has sought to achieve the highest level of delivery excellence and we were especially delighted to win the Silver Award for the Best Investor Relations in the Small Market Capitalisation Category at the Singapore Corporate Awards 2008.

Dividends

Given the Group's sterling results in 2007, our Board of Directors is recommending a one-tier tax exempt first and final dividend of 2.0 cents per share. This is our way of saying thank you for your continuous support.

A note of thanks

I would like to take this opportunity to thank our customers, suppliers and business partners for their continued encouragement and support. Thanks also to my management team and my staff for their commitment, dedication and invaluable contribution. Finally, to you, our shareholders, thank you for your loyalty and unwavering support.

Or Kim Peow
Group Chairman

> CORPORATE INFORMATION

Board of Directors

Group Chairman
Mr Or Kim Peow

Group Managing Director
Mr Or Toh Wat

Executive Director
Mdm Ang Beng Tin

Executive Director
Mr Or Kiam Meng

Executive Director
Mr Oh Enc Nam

Executive Director
Mr Or Lay Huat Daniel

Independent Director
Dr Chen Seow Phun, John

Independent Director
Mr Nirumalan s/o V Kanapathi Pillay

Independent Director
Mr Tan Boen Eng

Audit Committee

Chairman
Dr Chen Seow Phun, John

Members
Mr Nirumalan s/o V Kanapathi Pillay
Mr Tan Boen Eng

Nominating Committee

Chairman
Mr Tan Boen Eng

Members
Dr Chen Seow Phun, John
Mr Nirumalan s/o V Kanapathi Pillay

Remuneration Committee

Chairman
Mr Nirumalan s/o V Kanapathi Pillay

Members
Dr Chen Seow Phun, John
Mr Tan Boen Eng

Company Secretary

Mr Sellakumaran s/o Sellamuthoo
LL.B (Hons)

Registered Office

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

Share Listing

The Company's shares are listed on the CATALIST

Registrar and Share Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street #08-01
Samsung Hub
Singapore 049483
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: Ms Kristin Y S Kim
(appointed from year ended 31 December 2007)

Principal Bankers

Oversea-Chinese Banking Corporation Limited
63 Chulia Street #06-00
OCBC Centre East
Singapore 049514

Malayan Banking Berhad
Maybank Tower
2 Battery Road
Singapore 049907

DBS Bank Ltd
6 Shenton Way
#32-02
DBS Building Tower One
Singapore 068809

Citibank, N.A., Singapore Branch
3 Temasek Avenue
#10-01 Centennial Tower
Singapore 039190

Investor Relations

For enquiries on the Company's business performance, contact the Investor Relations Department at
Email: okpir@okph.com

> BOARD OF DIRECTORS


1.


2.


3.

1. Mr Or Kim Peow, PBM

Group Chairman

Mr Or Kim Peow, PBM, 73, is the founding member of the Group. He was appointed as Group Chairman of OKP Holdings Limited on 15 February 2002 and was last re-elected at 2006 Annual General Meeting on 27 April 2007.

Mr Or has more than 33 years of experience in the infrastructure and civil engineering business. He is responsible for overseeing the overall management and strategic development of the Group. He founded the Group 33 years ago and was instrumental in growing it and steering the Group through major changes in its history. Mr Or continues to be active, playing an advisory role in Group strategic development and planning.

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

2. Mr Or Toh Wat, PBM

Group Managing Director

Mr Or Toh Wat, PBM, 40, was appointed as Group Managing Director of OKP Holdings Limited on 15 February 2002.

Mr Or has more than 15 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and for overseeing the day-to-day management and business development of the Group. Mr Or is also actively involved in community activities and in recognition of his contributions, he was awarded the Public Service Award (PBM) in 2005. He is currently the Chairman of Potong Pasir Community Club Management Committee and the Vice-Chairman of Jurong West Secondary School Advisory Committee.

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

3. Mdm Ang Beng Tin

Executive Director

Mdm Ang Beng Tin, 52, is an Executive Director of OKP Holdings Limited. She was appointed a Director on 20 February 2002 and was last re-elected at 2006 Annual General Meeting on 27 April 2007.

Mdm Ang joined the Group in 1979 and has more than 13 years experience in administration and human resources. She is responsible for managing employee relations, benefit programmes and insurance claims.

Ms Ang holds GCE 'O" Levels qualifications.

> BOARD OF DIRECTORS (CONT'D)

4. Mr Or Kiam Meng

Executive Director

Mr Or Kiam Meng, 43, is an Executive Director of OKP Holdings Limited. He was appointed a Director on 20 February 2002 and was last re-elected at 2005 Annual General Meeting on 27 April 2006.

Mr Or has more than 22 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 Patron 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.

5. Mr Oh Enc Nam

Executive Director

Mr Oh Enc Nam, 52, is an Executive Director of OKP Holdings Limited. He was appointed a Director on 20 February 2002 and was last re-elected at 2006 Annual General Meeting on 27 April 2007.

Mr Oh has more than 29 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.

6. Mr Or Lay Huat Daniel

Executive Director

Mr Or Lay Huat Daniel, 30, is an Executive Director of OKP Holdings Limited. He was appointed a Director on 1 August 2006 and was last re-elected at 2006 Annual General Meeting on 27 April 2007.

Mr Or joined OKP Holdings Limited in 2003. He is currently responsible for overseeing the day-to-day management and business development of the Group.

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

7. Dr Chen Seow Phun, John

Independent Director

Dr Chen Seow Phun, John, 54, is an independent Director of OKP Holdings Limited. He was appointed a Director 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 2005 Annual General Meeting on 27 April 2006.

Dr Chen is currently the Managing Director of JCL Business Development Pte Ltd, a business consultant and investment company, and the Chairman of SAC Capital Pte Ltd, a licensed corporate finance firm. Dr Chen also sits on the Board of a number of publicly listed companies.

He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, 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 2007 and the preceding 3 years:

Present Directorships
- JCL Business Development Pte Ltd
- Unigold Asia Limited
- Thai Village Holdings Ltd
- HYLYNX Pte Ltd
- Hiap Seng Engineering Ltd
- Hongguo International Holdings Limited
- PSC Corporation Ltd
- Education Solutions International Pte Ltd
- Matex International Limited
- SAC Capital Pte Ltd
  (previously known as Sirius Asia Capital Pte Ltd)
- SNF Corporation Ltd
- Tat Seng Packaging Group Ltd
- PDC Corp Ltd
- China Ginseng Industries Pte Ltd

Past Directorships
- Red Chips Pte Ltd
- Redchip Investment Pte Ltd
- Cornell Education Group Pte Ltd
- Intraco Limited
- Orient Marine Pte Ltd

> BOARD OF DIRECTORS (CONT'D)

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8. Mr Nirumalan s/o V Kanapathi Pillay

Independent Director

Mr Nirumalan s/o V Kanapathi Pillay, 55, is an independent Director of OKP Holdings Limited. He was appointed as a Director on 1 June 2005 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 2005 Annual General Meeting on 27 April 2006.

Mr Pillay is the Managing Partner of Niru & Co, a law firm in Singapore. The firm has a regional and international practice. In the late 1990s, it was in association with CMS Cameron McKenna, a top tier law firm with headquarters in London. Mr Pillay has been in legal practice for more than 29 years specialising in insurance, reinsurance, shipping, libel and slander, corporate, commercial and civil litigation. Mr Pillay qualified as a Barrister-at-Law (England and Wales) and was admitted to the Honourable Society of the Inner Temple in 1976. He has been practising as an Advocate and Solicitor of the Supreme Court of Singapore since 1978 and was admitted as a Barrister and Solicitor of the Supreme Court of Victoria, Australia, in 1990.

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

List of present and past directorships, other than those held in the Company, as at 31 December 2007 and the preceding 3 years:

Present Directorships
nil

Past Directorships
nil

9. Tan Boen Eng

Independent Director

Mr Tan Boen Eng, 75, is an independent Director of OKP Holdings Limited. He was appointed as a Director 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 2006 Annual General Meeting on 27 April 2007.

Mr Tan has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and unlisted companies from various industries, from business consultancy to healthcare, training and management consultancies. Mr Tan has been the President of the Institute of Certified Public Accountants of Singapore since 1995.

He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and is currently a Board 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 2007 and the preceding 3 years:

Present Directorships
- Association of Taxation Technicians (S) Limited
- Certified Accounting Technicians (Singapore) Ltd.
- TEE International Limited

Past Directorships
- AsiaMedic Limited

> KEY MANAGEMENT

Ms Ong Wei Wei
Group Financial Controller
OKP Holdings Limited

Ms Ong Wei Wei joined OKP Holdings Limited in 2002. She oversees the Group's finance and corporate functions covering financial reporting, treasury, tax, 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 Certified Public Accountant with the Institute of Certified Public Accountants of Singapore. She is also a fellow member of the Association of Chartered Certified Accountants (United Kingdom) and a member of Institute of Internal Auditors, Inc. (Singapore Chapter) and Singapore Institute of Directors.

Mr Or Yew Whatt
Project Director
Eng Lam Contractors Co (Pte) Ltd

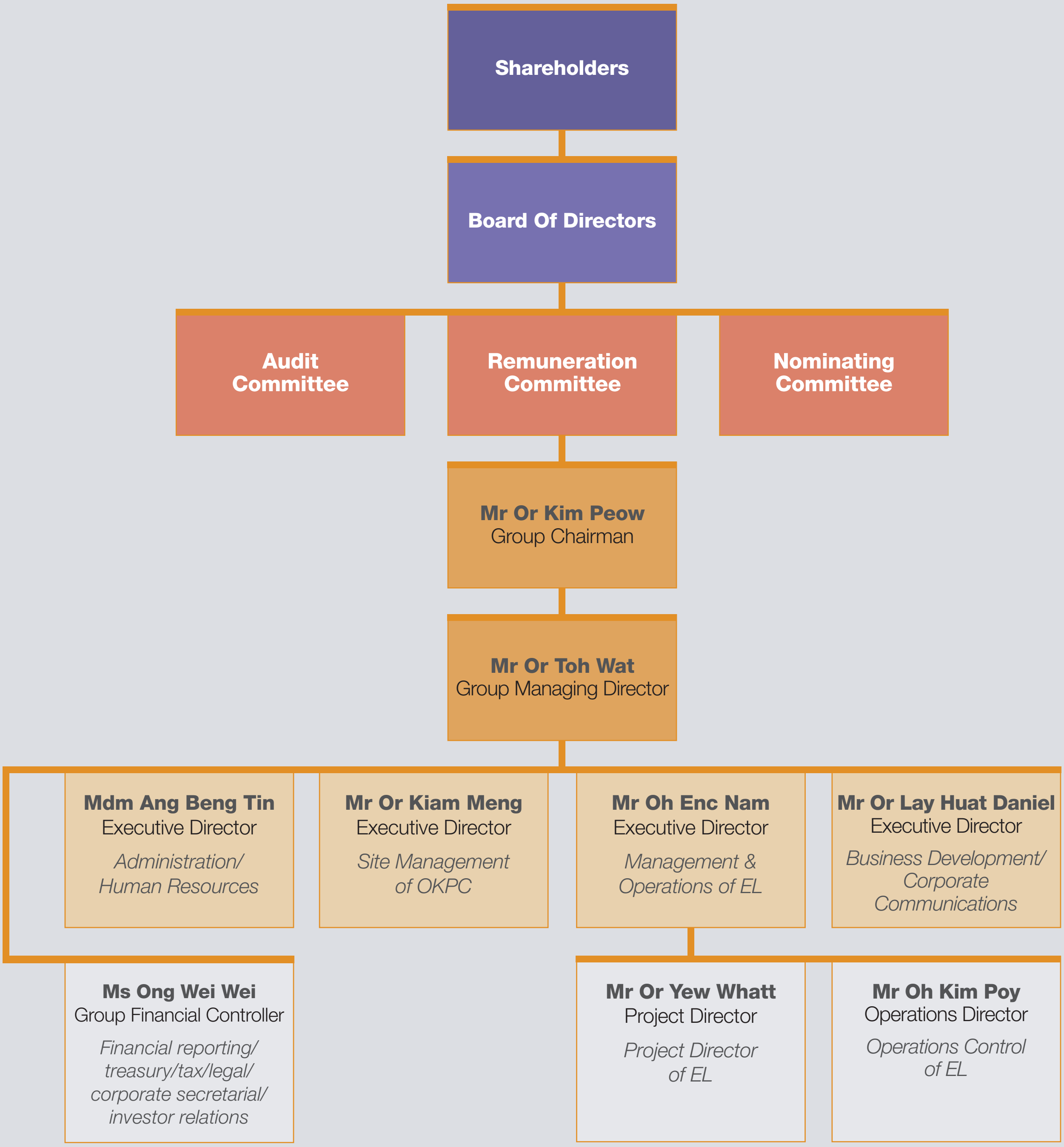
Mr Or Yew Whatt joined the Group in 1989. He is currently the Project Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies. He is responsible for the supervision of projects, resolving site issues and is involved in project tender process. He has more than 18 years of 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
Eng Lam Contractors Co (Pte) Ltd

Mr Oh Kim Poy joined the Group in 1977. He is currently the Operations Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies. He is responsible for supervising and monitoring of projects. Mr Oh has more than 34 years of experience in the construction industry.

> ORGANISATION CHART



> GROUP STRUCTURE

OKP HOLDINGS LIMITED
Company Reg No.:200201165G

SINGAPORE

100%
Or Kim Peow Contractors (Pte) Ltd
Company Reg No.: 197701891R

100%
Eng Lam Contractors Co (Pte) Ltd
Company Reg No.: 199206337G

100%
OKP Technical Management Pte Ltd
Company Reg No.: 200202135K

100%
OKP Investments (China) Pte Ltd
Company Reg No.: 200307117G

55%
United Pavement Specialists Pte Ltd
Company Reg No.: 200606820Z

55%
OKP (Oil & Gas) Infrastructure Pte Ltd
Company Reg No.: 200703711W

CNMI

96%
OKP (CNMI) Corporation
Tax Reference No.: 98-0457779

99%
United Pavement Specialists (CNMI) Corporation
Tax Reference No.: 99-3008395

> FINANCIAL HIGHLIGHTS
FINANCIAL YEAR ENDED 31 DECEMBER

Income Statement	2007	2006	2005	2004	2003
Revenue - Construction ($'000)	104,687	53,436	48,758	54,129	32,734
Revenue - Maintenance ($'000)	19,973	19,831	12,682	18,581	24,022
Total revenue ($'000)	124,660	73,267	61,440	72,710	56,756
Gross profit ($'000)	21,845	10,445	3,665	5,449	7,204
Gross profit margin (%)	17.5	14.3	6.0	7.5	12.7
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) ($'000)	16,200	6,989	2,040	3,460	4,511
EBITDA margin (%)	13.0	9.5	3.3	4.8	7.9
Profit before taxation ($'000)	14,116	5,355	509	1,713	2,682
Profit after taxation and minority interests (PATMI) ($'000)	10,921	4,148	285	1,562	1,408
Balance Sheet ($'000)					
Current assets	63,219	37,552	25,426	31,546	24,653
Current liabilities	40,106	23,471	14,818	20,805	13,305
Total assets	76,930	47,956	34,667	41,335	34,196
Total liabilities	42,758	25,275	16,136	22,417	16,278
Total borrowings	3,794	2,304	1,502	3,219	3,500
Shareholders' equity	34,172	22,681	18,531	18,917	17,918
Cash and cash equivalents	24,862	14,656	12,781	11,935	10,400
Net tangible assets	31,957	20,996	16,848	17,230	16,230
Financial Ratios					
Profitability					
Return on assets (%)	17.5	10.0	0.8	4.1	4.1
Return on equity (%)	38.4	20.1	1.5	8.5	8.0
Liquidity					
Current ratio (times)	1.58	1.60	1.72	1.52	1.85
Cash as a percentage of NTA (%)	77.80	69.80	75.90	69.30	64.10
Net tangible assets per share (cents)	21.32	15.41	12.36	12.64	11.91
Net assets per share (cents)	0.2	0.2	0.1	0.1	0.1
Leverage					
Debt to equity ratio (times)	0.11	0.10	0.08	0.17	0.20
Interest cover (times)	104.29	51.98	5.73	10.60	15.21
Investors' Ratio					
Earnings per share (cents)	7.36	3.04	0.21	1.15	1.03
Gross dividend per share (cents)	2.00	1.50	n.a.	0.49	0.41
Gross dividend yield (%)	3.33	6.12	n.a.	4.50	2.70
Productivity					
Number of employees	654	438	381	398	387
Revenue/employee ($'000)	190.6	167.3	161.2	182.7	146.7

PREM
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CE PROVIDER

With more contracts and greater growth in sight, it is important that OKP be constantly attentive to the factors that contribute to the success of its business. Focus is key. In the past year, and in 2008, management will seek to run its business in alignment with its mission statement, to move OKP to a position of being the *first and preferred* civil engineering contractor in the industries and markets where we operate.

> OPERATING AND FINANCIAL REVIEW

Overview

It has been an outstanding year for OKP. As Singapore's construction GDP continued to enjoy double-digit growth, OKP also turned in a record-breaking performance in financial year 2007.

According to the BCA, construction demand is projected to reach between $23 billion and $27 billion in 2008 if all planned projects proceed as scheduled. Civil engineering construction demand is expected to increase in 2008, totalling an estimate of $3.5 billion to $4.2 billion. A report in the Business Times has also forecast Singapore's construction spending to hit $55 billion by 2011, buoyed by contracts to be awarded for the integrated resorts at the Marina Bay and Sentosa Island and the petrochemical plants at Jurong Island.

With more contracts and greater growth in sight, it is important that OKP be constantly attentive to the factors that contribute to the success of its business. Focus is key. In the past year, and in 2008, management will seek to run its business in alignment with its mission statement, to move OKP to a position of being the *first and preferred* civil engineering contractor in the industries and markets where we operate.

As a leading home-grown infrastructure and civil engineering company in the region, OKP has two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering and infrastructure construction projects, which involve the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport runways and taxiways. In the past two years, the company has taken on projects in the Oil & Gas Sector, providing civil construction work for petrochemical plants and oil storage terminals.

DISCUSSION ON OPERATIONS

As there was much construction activity in Singapore, the year 2007 saw two distinct thrusts in OKP's business approach. Firstly, it further strengthened and consolidated its position in its traditional domain of public sector projects. Secondly, it sought to forge a stronger presence in the Oil & Gas Sector. Although it continued to monitor overseas markets, this did not take priority as it focused its energies on the home front.

Public sector: Strengthening our position

OKP continued to make its presence felt in the arena of public sector works, securing a total of eight contracts amounting to $47.9 million in 2007. These projects included civil engineering works involving final premix surfacing works, works relating to road kerbs and pavements, de-silting of existing drains, road widening, road re-surfacing, road-upgrading and maintenance as well as drainage improvement works.

Contract values varied, but OKP continued to ensure its competitiveness by adopting an approach that has held the Group in good stead since the 1960s: taking pride in delivering the best service once a job has been secured. The Group constantly puts itself ahead of the competition by being mindful of the need to be productive and efficient, in terms of technique and technology.

The agencies that it undertook projects for included the Civil Aviation Authority of Singapore, the Public Utilities Board, the Land Transport Authority, the Jurong Town Corporation, the Housing & Development Board and the National Parks Board.

Formula ONE

OKP found itself literally laying the foundation for Formula One racing in Singapore when it secured two contracts from the Land Transport Authority for road resurfacing and widening works around the Marina Bay district.

The works were to prepare the roads for the Formula One race that is slated for flag-off later this year, on 28 September. Indeed, OKP would need to use a new special-mix asphalt, called F1 SBS PMB, to meet the stringent requirements necessary for high-speed Formula One racing, the first time this special-mix concrete will be used on Singapore roads.

OKP secured the LTA contracts for road works in the city centre in preparation for the F1 race that will take place this year

Oil & Gas: Forging a strong presence

The Group benefited from the building boom on Jurong Island, Singapore's Oil & Gas hub. As a relatively new player in this area, it made creditable progress, securing contracts totalling $51.1 million in 2007.

The Universal Terminal project on Jurong Island is expected to be completed in early 2008. This involves civil works in relation to the $750 million Universal Terminal, a massive petroleum storage facility built by local oil trading company Hin Leong.

Our biggest win in 2007 was an approximately $40 million civil works contract by the Foster Wheeler and WorleyParsons joint venture group for ExxonMobil's multi-billion dollar petrochemcial project, known as the Singapore Parallel Train Project. This is ExxonMobil's second petrochemical complex and includes a world-scale ethylene cracker as well as downstream plants for production of ethylene/propylene derivatives. OKP is undertaking civil works such as road and pavement works, drainage works, demolition works, electrical underground facilities works, piling works and other ancillary works.

Through our joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, the Group secured a number of other contracts:

- an approximately $3 million deal from Itro Pte Ltd to do civil and piling works relating to its isotherm facility that treats hydrocarbon industrial waste products to generate steam energy to support the needs of process plants.
- an approximately $3 million contract for civil and structural works relating to a $130m biodiesel facility owned by Natural Fuel Pte Ltd. This facility is said to be the world's largest for producing biodiesel, an alternative fuel set to play a key role in fighting global warming.
- an approximately $5.1 million deal to do civil works for a chemical process plant on Jurong Island in relation to a plant that is owned by US-based SI Group, a world leader in the production of alkylphenols and a leading global producer of performance resins.

Other notable projects

Even though public sector work and Oil & Gas related contracts dominated our order books last year, we did have a few other projects that were noteworthy.

We completed our overseas project – the $14.3 million airport runway related works at Rota International Airport in the Commonwealth of Northern Mariana Islands. This project, awarded by the Commonwealth Port Authority, has the distinction of being our first overseas project.

An on-going project that we expect to complete this year is a building project involving nine pairs of 3-storey semi-detached homes at Woodlands Road. This contract, worth $9.9 million, was awarded by Wan Fu Investment Pte Ltd, a subsidiary of Far East Organisation.

These projects help to demonstrate OKP's versatility – that the Group has the necessary skills and expertise in these other areas along the construction value chain. Nonetheless, it makes prudent sense for the company to stay focused on areas where demand is greatest, where margins are highest and where we can create the best value for our stakeholders.

Project operations

In a move to strengthen its position, OKP has restructured its workforce according to specialist capabilities to handle projects more efficiently. Currently three such teams are in place, namely, Oil & Gas/Petrochemical; Airport Infrastructure; and Road Construction & Road Maintenance.

The streamlining of its work teams has not only made the workflow more effective, but has also enabled OKP to manage its growing workforce more effectively. This has taken on more significance as OKP's staff strength has risen substantially in the past one year. Its current strength stands at 654, up from 438 in 2006.

Financial Management

As our business grew, the need to exercise prudent financial management takes on greater importance. It is important that margins are guarded jealously, and unnecessary costs and expenses are minimised as much as possible.

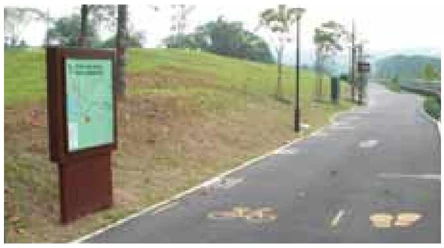
To this end, OKP continues to focus on greater operational capabilities and efficiencies, improved productivity and internal cost control, ensuring an ultimately strong financial performance.

Geographical breakdown

The strong Singapore economy and a buoyant construction sector has resulted in a high level of construction activities in Singapore. Thus, FY2007 saw a markedly-reduced contribution from overseas: revenue generated from overseas was 2.4%, down from 14.8% previously.

> OPERATING AND FINANCIAL REVIEW (CONT'D)

Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 5



Proposed Design and Construction of Choa Chu Kang Park Connector (From Choa Chu Kang to Little Guilin)

Business segmental breakdown

i) Construction

Completed construction projects

During the year, we successfully completed and handed over four projects to our customers. Apart from the Rota International Airport Runway that we substantially completed in March 2007, we also completed the final premix surfacing, reinstatement and ancillary works at Tuas View, Phase 5; the design and construction of Choa Chu Kang Park Connector (from Choa Chu Kang Park to Little Guilin); and the addition of single-storey workshops to an existing industrial development at Pandan Crescent.

List of Completed Construction Projects

Description of completed construction projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
Rota International Airport Runway 09/27 Extension – Phase 1	Commonwealth Ports Authority	January 2006	March 2007	14,317,050
Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 5	Jurong Town Corporation	July 2005	January 2007	7,527,000
Proposed Design and Construction of Choa Chu Kang Park Connector (From Choa Chu Kang to Little Guilin)	National Parks Board	September 2006	August 2007	2,667,000
Additions of Single-Storey Workshops to Existing Industrial Development on Lots 5987 (Plot A3625) MK5 at No 13 Pandan Crescent Singapore 128469	Tiong Woon Crane & Transport Pte Ltd	August 2006	November 2006 (extended till early 2007)	1,330,000

On-going construction projects

It was a busy year for OKP, working on the on-going projects as well as tendering for new ones. A number of public sector projects will be completed this year. These include a S$2.65 million contract from the Housing & Development Board for Car Park Improvement Works at Tampines Car Park and Repair of Existing Service Roads, Car Parks and other Civil Engineering Works within HDB Estates Contract No. 5. Work started in January 2007 and is expected to be completed by May this year.

We have also been engaged to undertake additional works and variation orders relating to civil and related works for tank foundation and other structures at the Universal Terminal Site at Meranti Crescent, Jurong Island. These works began in February 2006 and will be completed in early 2008. Another project that also required further works and variation orders related to ExxonMobil's multi-billion dollar petrochemical project, known as the Singapore Parallel Train Project.

List of On-Going Construction Projects

Description of on-going construction projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 6	Jurong Town Corporation	October 2007	October 2008	6,257,000
Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 7	Jurong Town Corporation	July 2007	July 2008	4,887,000
(A) Car Park Improvement Works at Tampines Car Park No T37(Part), T41 and T42 (B) Repair of Existing Service Roads, Car Parks and other Civil Engineering Works within HDB Estates Contract No 5	Housing & Development Board	January 2007	May 2008	2,647,000
Improvement to Drainage Associated Facilities in Western/Central/Eastern Watersheds of Singapore	Public Utilities Board	June 2007	December 2008	2,900,000
Singapore Parallel Train Project, Jurong Island, Singapore Site Clearance Works - New Polymer Storage	FWP Joint Venture	July 2006	July 2006 (extended till 2008)	691,000

Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 7

Carpark Improvement Works at Tampines Carpark No T37(Part), T41 and T42

Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View, Phase 6

> OPERATING AND FINANCIAL REVIEW (CONT'D)

List of On-Going Construction Projects (cont'd)

Description of on-going construction projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
Proposed Erection of 9 Pairs of 3 Storey Semi-Detached Dwelling Houses Including Substation, MDF and CDR Room on Lots 2011, 2012, 3119 and 3120SL PT MK13 at Woodlands Road	Wan Fu Investments Pte Ltd	April 2006	March 2008	9,900,000
Civil and Related Works for Tank Foundation and Other Structures at the Land next to Meranti Crescent - MK No 34 at Jurong Island	Rotary Engineering Limited	February 2006	April 2007 (Extended till early 2008)	Approximately 50,000,000
Civil Works 2 - New Polymer Storage	FWP Joint Venture	January 2007	November 2007 (Extended till mid 2008)	40,041,817
Term Contract 7 for Construction of Covered Linkways, Cover To Pedestrians Overhead Bridges and Bus Shelters	Land Transport Authority	January 2008	July 2010	7,067,000
Road Works in City Centre Phase 1	Land Transport Authority	September 2007	June 2008	2,827,000
Road Works in City Centre (Phase 2)	Land Transport Authority	November 2007	December 2008	5,786,000
Civil and Piling Works for Isotherm Power Plant	ITRO Pte Ltd	March 2007	December 2007 (Extended till 2008)	2,939,998
Sub-Contract Service for Piling Works - SI Group	Rotary Engineering Limited	April 2007	September 2007	5,117,721
Civil Engineering Works for Biodiesel Plant in Jurong Island - Natural Fuel Pte Ltd	Rotary Engineering Limited	May 2007	November 2007	3,023,791


Proposed Erection of 9 Pairs of 3 Storey Semi-Detached Dwelling Houses at Woodlands Road


Civil and Related Works for Tank Foundation and Other Structures at the Land next to Meranti Crescent - MK No 34 at Jurong Island


Civil Works 2 – New Polymer Storage

ii) Maintenance

We continued to service a number of on-going maintenance contracts that we clinched in 2006 and 2007. Our maintenance segment is a recurrent business and continues to be an important part of the service that OKP provides to its clients and in 2007, our maintenance segment contributed $20 million, amounting to 16% of total Group revenue.

On-going maintenance projects

During the year in review, we successfully tendered for, and were awarded two new maintenance projects from the Public Utilities Board. With a combined contract value of about S$22.9 million, the work involved improving roadside drains at East Coast Keris and Macpherson Gardens Estates and at Hllview, Jalan Tari and Jalan Kayu Estates.

List of On-Going Maintenance Projects

Description of on-going maintenance projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
Painting and Cleansing of Road Related Facilities in West Sector for A Period of Two Years (RD165)	Land Transport Authority	April 2006	March 2008	13,427,000
Painting and Cleansing of Road Related Facilities in East Sector for A Period of Two Years (RD164)	Land Transport Authority	April 2006	March 2008	12,817,000
Maintenance of Expressways and Road Related Facilities for A Period of Two Years (RD167)	Land Transport Authority	April 2006	March 2008	10,867,000
Improvement to roadside drains III EUP 4 Contract 1- East Coast Keris and Macpherson Gardens Estates	Public Utilities Board	July 2007	July 2009	13,327,000
Improvement to Roadside Drains III EUP 4 Contract 2- Hillview and Jalan Tari & Jalan Kayu Estates	Public Utilities Board	July 2007	March 2009	9,257,000

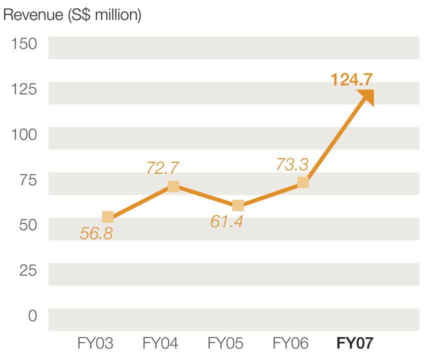
Maintenance of Expressways and Road Related Facilities for A Period of Two Years (RD167)

Improvement to Roadside Drains III EUP 4 Contract 2 – Hillview and Jalan Tari & Jalan Kayu Estates

> OPERATING AND FINANCIAL REVIEW (CONT'D)

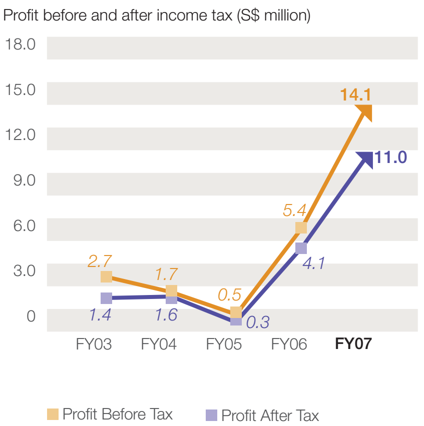
DISCUSSION ON FINANCIALS

PROFITABILITY



Revenue

Revenue in FY2007 was up by 70% from $73.3 million to $124.7 million, with strong posting from the construction segment. In particular, the increase was mainly due to the higher recognition of revenue from a few key construction projects in FY2007.



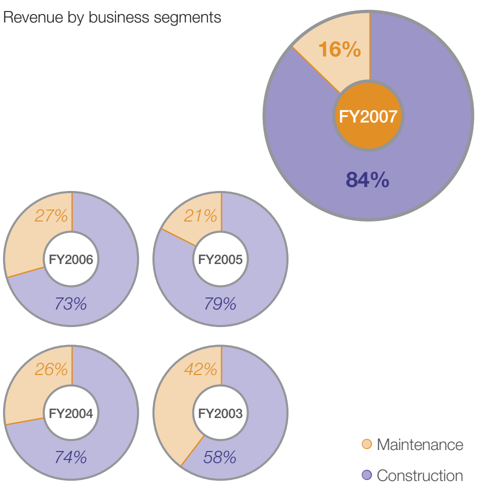
Profit before and after income tax

Profit before income tax grew by 164% or $8.8 million to $14.1 million in FY2007. The significant growth in profit before income tax was mainly attributable to the strong profit margin registered from few key construction projects secured coupled with better project management and tighter cost control in FY2007.

The increase in profit before income tax was partially offset by an increase in administrative expenses of 63% as the Group made provision for directors' profit sharing bonuses, increase in staff costs and professional fees.

Profit after income tax increased by $7.0 million to $11.0 million in FY2007. This was largely due to the higher profit before income tax registered in FY2007.

SECTORAL PERFORMANCE



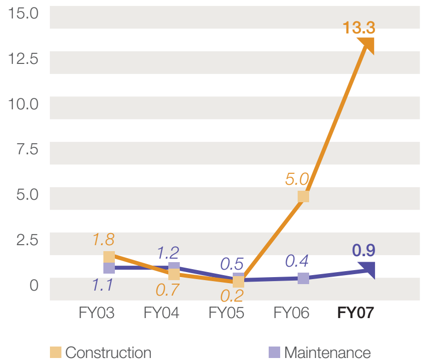
Revenue by business segments

The construction segment grew 96% to $104.7 million in FY2007. The strong growth in revenue from the construction segment was attributable to higher revenue recognised from a few key construction projects in FY2007. Revenue from the maintenance segment remained constant at $19.8 million and $20.0 million in FY2006 and FY2007 respectively.

On a segmental basis, our construction business accounted for 84% of our Group's revenue while the remaining 16% came from the maintenance business in FY2007.

SECTORAL PERFORMANCE

Profit before interest and income tax by business segments (S$ million)

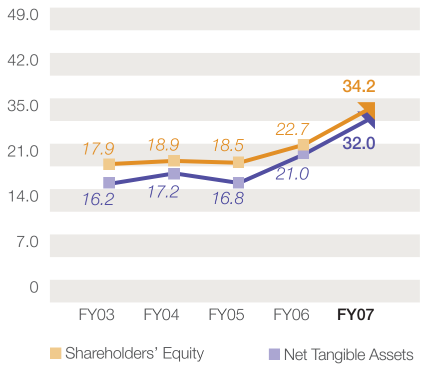


Profit before interest and income tax by business segments

Profit before interest and income tax from the construction segment registered a robust growth. This is attributable to better profit margins, which were mainly contributed by a few key construction projects. Profit before interest and income tax for the construction and maintenance segments reported at $13.3 million and $0.9 million, respectively, for FY2007.

BALANCE SHEET

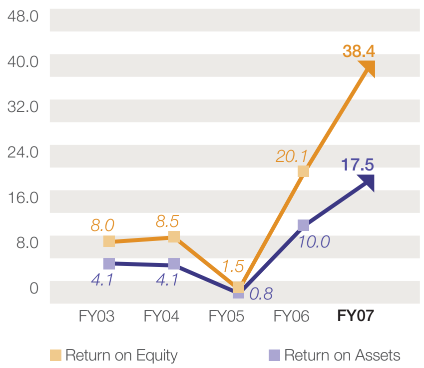
Shareholders' equity and net tangible assets (S$ million)



Shareholders' equity and net tangible assets

As a result of higher profit generated from operations in FY2007, both shareholders' equity and net tangible assets increased to $34.2 million and $32.0 million respectively.

Return on assets and equity (%)



Return on assets and equity

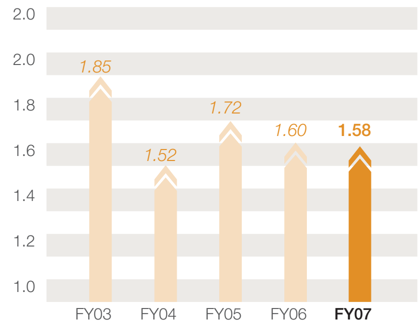
Both return on assets and return on equity surged to 17.5% and 38.4% respectively due to the heightened business activities and higher profit generated.

> OPERATING AND FINANCIAL REVIEW (CONT'D)

DISCUSSION ON FINANCIALS

FINANCIAL RATIOS - LIQUIDITY/EFFICIENCY

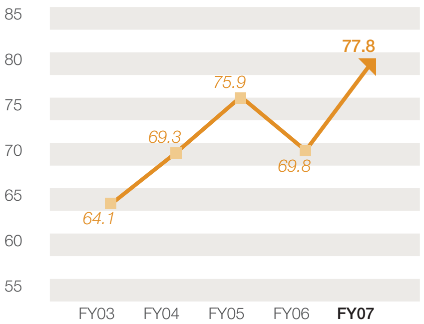
Current ratio (times)



Current ratio

The Group continued to be strong in its short-term financial position as the current ratio was maintained at 1.58 times and 1.60 times in FY2007 and FY2006 respectively.

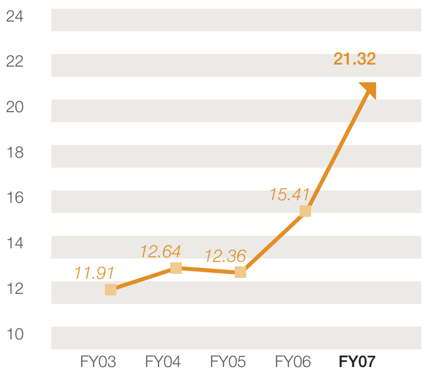
Cash as a percentage of net tangible assets (%)



Cash as a percentage of net tangible assets

The Group has maintained a prudent and effective cash management policy. Cash as a percentage of net tangible assets stood at 77.8% in FY2007.

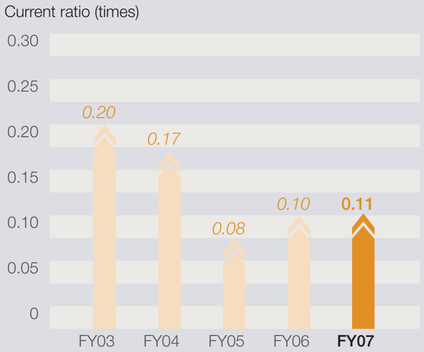
Net tangible assets per share (cents)



Net tangible assets per share

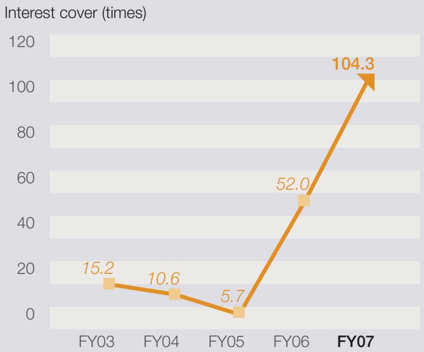
The Group's net tangible assets per share rose by 38.3% to 21.32 cents as at 31 December 2007 due to increase in profit generated from operations.

FINANCIAL RATIOS - LEVERAGE



Debt to equity ratio

The Group's debt to equity ratio was maintained at 0.11 times in FY2007.



Interest cover

The Group's interest cover doubled from 52.0 times in FY2006 to 104.3 times in FY2007 as a result of higher profit generated.

FINANCIAL RATIO - PRODUCTIVITY

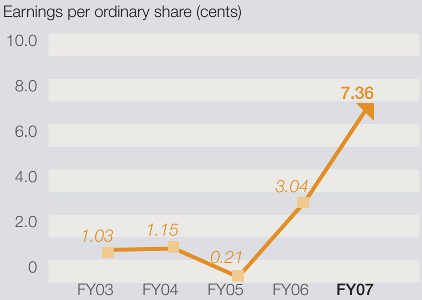
Revenue per employee

With higher revenue recorded in FY2007, revenue per employee improved by $23,300 to approximately $190,600.

> OPERATING AND FINANCIAL REVIEW (CONT'D)

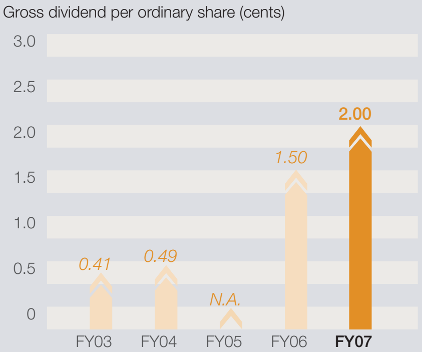
DISCUSSION ON FINANCIALS

INVESTORS' RATIOS



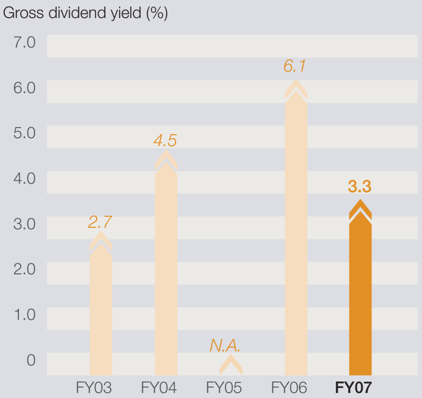
Earnings per ordinary share

As a result of the increase in profit after tax generated during the year, earnings per ordinary share improved from 3.04 cents in FY2006 to 7.36 cents in FY2007.



Gross dividend per ordinary share

The first and final tax-exempt dividend of 2.0 cents per ordinary share is the highest dividend declared since the Group was listed in 2002.



Gross dividend yield

The gross dividend yield of 3.3% is calculated based on the share price of 60 cents as at 25 February 2007.

> CORPORATE LIQUIDITY AND CASH RESOURCES

Group Cash Flow Statement	FY2007 $'000	FY2006 $'000	FY2005 $'000	FY2004 $'000	FY2003 $'000
Cash flows generated from operating activities	12,994	3,286	4,037	4,177	3,156
Cash flows used in investing activities	(1,908)	(1,049)	(473)	(598)	(416)
Cash flows used in financing activities	(809)	(831)	(2,805)	(3,777)	(1,806)
Net increase/(decrease) in cash and cash equivalents	10,277	1,406	759	(198)	934
Cash and cash equivalents at beginning year	9,131	7,725	6,966	7,164	9,471
Cash and cash equivalents at end of year	19,408	9,131	7,725	6,966	7,164

Net cash inflow from operating activities in FY2007 stood at $13.0 million on the back of a stronger operational performance.

Together with the opening cash and cash equivalents balances, the cash from operating activities were used to fund the investing activities and repayments of finance lease liabilities.

Overall, net cash inflow for the financial year ended 31 December 2007 was $10.3 million.

Net Indebtedness	FY2007 $'000	FY2006 $'000	FY2005 $'000	FY2004 $'000	FY2003 $'000
Current portion of:					
Finance leases liabilities	1,343	818	566	835	744
Short term bank loans (secured)	–	–	–	1,100	–
Long term bank loans, current portion (secured)	–	–	–	–	140
Total current debt	1,343	818	566	1,935	884
Non-current portion of:					
Finance leases liabilities	2,451	1,487	936	1,284	890
Short term bank loans (secured)	–	–	–	–	1,726
Total non-current debt	2,451	1,487	936	1,284	2,616
Total debt	3,794	2,305	1,502	3,219	3,500

The increase in debt amount from $2.3 million as at FY2006 to $3.8 million as at FY2007 was due to plant and equipment acquired under finance lease to support existing projects.

> VALUE ADDED STATEMENT

	FY2007 $'000	%	FY2006 $'000	%	FY2005 $'000	%	FY2004 $'000	%	FY2003 $'000	%
Revenue	124,660		73,267		61,440		72,710		56,756	
Less: Purchase of goods and services	(93,184)		(52,209)		(49,953)		(58,773)		(42488)	
Value added from operations	31,476		21,058		11,487		13,937		14,268	
Other income	1,520		560		853		445		272	
Gain/(loss) on foreign exchange	(224)		(86)		(23)		(6)		(4)	
Share of losses of associated company	–		–		–		(16)		–	
	1,296		474		830		423		268	
Total value added available for distribution	32,772		21,532		12,317		14,360		14,536	
Distribution		%		%		%		%		%
To employees										
(1) Salaries and other staff costs	16,012	49	14,616	68	10,271	83	10,852	76	9,780	67
To government										
(1) Corporate and property taxes	3,135	10	1,310	6	250	2	167	1	1,282	9
To providers of capital										
(1) Finance costs	137		105		107		178		189	
(2) Dividends to shareholders	2,997		2,248		–		667		563	
	3,134	10	2,353	11	107	1	845	6	752	5
Balance Retained in the Business:										
(1) Depreciation and amortisation	1,947		1,529		1,424		1,553		1,877	
(2) Unappropriated profits	8,004		1,812		275		895		845	
(3) Minority interests	79		(88)		(10)		–		–	
	10,030	30	3,253	15	1,689	14	2,448	17	2,722	19
Non-Production Costs and Income:										
(1) Provision for doubtful debts (trade)	461	1	–		–		48		–	
Total value added	32,772	100	21,532	100	12,317	100	14,360	100	14,536	100
Productivity Analysis										
Number of employees	654		438		381		398		387	
Value added per employee ($'000)	50		49		32		36		38	
Value added per dollar of employment cost	2.05		1.47		1.20		1.32		1.49	
Value added per dollar of investment in fixed assets (before depreciation)	1.68		1.11		0.72		0.86		0.96	
Value added per dollar of revenue	0.26		0.29		0.20		0.20		0.26	

Total value-added created by the Group in FY2007 amounted to $32.8 million (2006: $21.5 million).

In FY2007, about $16.0 million or 49% of the value-added was paid to employees in the form of salaries and wages. $3.1 million or 10% was paid to the government in the form of corporate and property taxes while $3.1 million or 10% was paid as dividends and interest to financial institutions. Balance of $10.0 million was retained by the Group for its future growth.

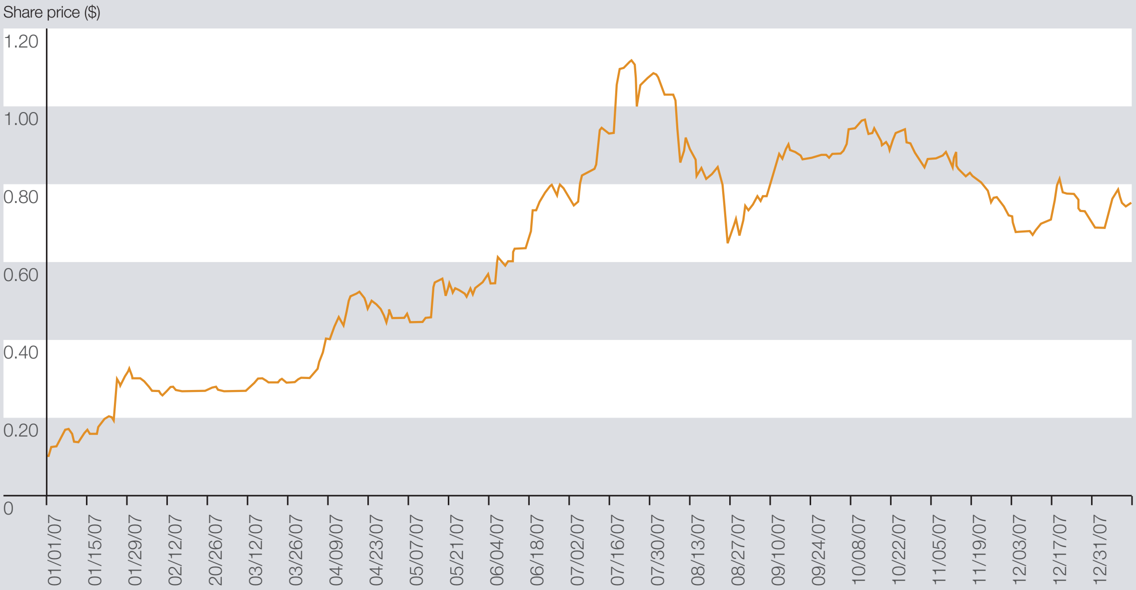
In FY2006, about $14.7 million or 68% of the value-added was paid to employees in the form of salaries and wages. $1.3 million or 6% was paid to the government in the form of corporate and property taxes while $2.4 million or 11% was paid as dividends and interest to financial institutions. Balance of $3.3 million was retained by the Group for its future growth.

> FINANCIAL CALENDAR

2008	
25 February	Announcement of full year results for financial year 2007
04 April	Despatch of Annual Report
21 April	Annual General Meeting
	Dividend
16 May	-Books Closure Date
28 May	-Proposed payment of 2007 final dividend
May	Announcement of first quarter results for financial year 2008
July	Announcement of first half results for financial year 2008
October	Announcement of third quarter results for financial year 2008

2007	
26 February	Announcement of full year results for financial year 2006
03 April	Despatch of Annual Report
27 April	Annual General Meeting
27 April	Extraordinary General Meeting
	Dividend
17 May	-Books Closure Date
28 May	-Proposed payment of 2006 final dividend
27 July	Announcement of first half results for financial year 2007

> SHARE PERFORMANCE



IN 2007	HIGHEST	LOWEST	AVERAGE
Share price	$1.05 (On 13 July 2007)	$0.10 (On 1 Jan 2007)	$0.57
Share Volume	28,041,000 (On 12 April 2007)	0	2,500,000

> HALF YEARLY RESULTS

	FIRST HALF $'000	FIRST HALF %	SECOND HALF $'000	SECOND HALF %	TOTAL $'000
Revenue					
2007	49,062	39%	75,598	61%	124,660
2006	33,417	46%	39,850	54%	73,267
Profit before income tax					
2007	6,196	44%	7,920	56%	14,116
2006	728	14%	4,627	86%	5,355
Profit after income tax and minority interest					
2007	4,132	38%	6,789	62%	10,921
2006	604	15%	3,544	85%	4,148
Earnings per share (cents)					
2007	2.76	38%	4.53	62%	7.29
2006	0.45	15%	2.59	85%	3.04

Revenue for second half of 2007 increased by $35.7 million compared to first half of 2007 was mainly due to higher recognition of revenue from a few key construction projects.

Profit before taxation for second half of 2007 increased to $7.9 million due to better profit margins obtained from a few key construction projects coupled with better project management and tigher cost control.

> OUR PEOPLE

At OKP, we take our people seriously. As a provider of civil engineering services, our people are indeed our most valuable asset. For OKP to become the *first and preferred* choice for our customers in our markets, our team must be in place to deliver a service that is of the highest quality – a service that is cost-efficient and executed in a timely manner. It is therefore no surprise that we place an important emphasis on sound and sensible human resource policies, ensuring that we train and develop our people to their fullest potential. This takes on greater importance as the labour market tightens.

Our strength currently stands at 654, comprising workers from various nationalities and across a wide capability spectrum, including administrative support staff, corporate executives, site supervisors, civil engineers and general workers. We view this diversity positively as an element that adds colour, depth and richness to our company culture and working environment.

Teamwork and Trust

It is our belief that good teamwork is critical to the accomplishment of each project, underpinning the success of our company. To this end, every member of our management team adopts a hands-on approach, understanding that their job is to lead exemplarily, inspiring each team member to pull his weight, and thus ensuring that each team functions well and achieves the desired result.

The reporting structure in the Group is relatively flat, making for open and easy communication, improved efficiency and a swift decision-making process. Each team member's role is clear and unambiguous, and this clarity helps to build camaraderie and trust – traits particularly important in an industry where work safety is paramount.

The relatively flat yet clear reporting lines also promote equality and accessibility for staff across different departments and country markets – a characteristic that becomes increasingly important as the Group expands overseas.

Every Individual Makes a Difference

It has been said that individual commitment to a group effort is what makes a team – and a company – work. We recognise that each staff member has a part to play in the evolution of OKP into the *first and preferred* service provider of its clients in Singapore and the region, and ultimately, towards OKP's growth.

To make it easier for staff members to align their allegiance with OKP's goals, we put in place family-friendly policies and also provide career planning and structured training. These, together with competitive remuneration pegged to market rates, form an integral part of our manpower development practices. Regular reviews are conducted to ensure that staff members receive the necessary support, guidance and mentoring to perform on the job and to ensure that career goals and business objectives are matched.

" Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organisational objectives. It is the fuel that allows common people to attain uncommon results."
ANDREW CARNEGIE

Regular Dialogue and Feedback

The cornerstone of our employee relations programme is communications. Regular dialogue is a common feature in our everyday work interaction. Besides providing an excellent platform for lively exchange of ideas, it allows employees to raise any job concerns and provides supervisors a useful means to gauge job satisfaction levels. It also helps younger less-experienced workers to learn on the job and improves working relationships among team members.

Welfare benefits such as the provision of comfortable accommodation for our foreign workforce and their general well-being are looked after by our dedicated team of human resource officers. This team also organises highly-interactive staff events such as the Annual Dinner and Dance – an annual affair that is often met with anticipation and enthusiasm as it provides an opportunity for all to bond in a relaxed, convivial atmosphere.

Structured Training

Training is tailored to an individual's needs and structured to fulfill the requirements of a job scope. Every year, OKP's human resource department analyses our training needs and takes in feedback from unit heads to recommend an appropriate training budget and programme that would best meet the aspirations of its manpower population as well as the business needs of the organisation. The training courses offered cover soft skills as well as technical courses, as we seek to develop well-rounded employees and also increase overall workplace effectiveness and productivity.

Functional	FY2007	FY2006	FY2005
Management & Supervisory (M&S)			
- Local	7%	13%	12%
- Foreign	1%	3%	–
Finance & Administration (F&A)			
- Local	1%	2%	2%
- Foreign	–	–	–
Site Operations (S&O)			
- Local	12%	12%	9%
- Foreign	79%	71%	77%
	100%	100%	100%
Years of Service			
More than 15 years	1%	5%	2%
10 years to 14 years	3%	7%	3%
6 years to 9 years	9%	15%	21%
3 years to 5 years	15%	29%	27%
Less than 3 years	72%	44%	47%
	100%	100%	100%
Educational Qualification			
Degree & above	9%	11%	11%
Diploma & equivalent	6%	7%	2%
"O" & "A" Level & Equivalent	3%	5%	5%
Trade Certificate & Equivalent	69%	73%	79%
Secondary Level & lower	13%	5%	3%
	100%	100%	100%

Footnote:
(1) M&S - Directors, financial controller, managers, engineers and quantity surveyors
(2) F&A - Administration clerks and accounts executives
(3) S&O - Site supervisors, site clerks, site inspectors, foreman, machine operators, general workers and drivers

> OUR SHAREHOLDERS AND INVESTORS

As a publicly-listed company, our approach towards investor relations is one of engagement, with the aim of cultivating a long-term and synergistic relationship with our shareholders, our potential investors and analysts. Underlying this approach is our commitment to a high standard of corporate transparency.

To this end, we have put in place a programme to engage the investment community proactively, allowing for the sharing of information that will help them to understand our business better, keep abreast of developments within our company and facilitate the making of better-informed investment decisions. Indeed, the Group has also established a formal Investor Relations function to attend to the information needs of investors, potential investors and analysts.

It was indeed gratifying that OKP emerged the Silver winner for Best Investor Relations Award – Small Market Capitalisation Category, at the Singapore Corporate Awards 2008. It was a recognition of the attention we pay to this important function and would certainly serve to spur us on to excel further in this area.

Communications with shareholders

We capitalise on a number of communications channels to reach our audiences. These include:

Corporate announcements/News releases

All contract wins, strategic initiatives and any important information are disseminated through the SGXNET and via news releases and email alerts. At the same time, these announcements and releases are also made available on the Group's corporate website. The Group's financial results and annual reports are also issued and announced in a timely manner, and within the mandatory reporting period.

Briefings/Dialogues

OKP meets with interested analysts during the release of its half-year and full-year results. In the course of the year, on an ad-hoc basis, the Group would also meet with interested analysts and fund managers who seek a better understanding of the Group and its operations. In addition, where possible, media interviews are also conducted to give the public an insight into the Group's business as well as management thinking. In the course of the year, the Group has also engaged in a series of dialogues with analysts and fund managers to clarify business directions and growth strategies. Where appropriate, we also conduct tours of some of our worksites for interested analysts and members of the media.

"We intend to conduct our business in a way that not only meets but exceeds the expectations of our customers, business partners, shareholders, and creditors, as well as the communities in which we operate and society at large."
AKIRA MORI

Annual Report

Our annual report is designed to give a clear and comprehensive picture of OKP. We continually review and improve the content and format to provide shareholders easy access to key information such as performance analyses, business policies and strategies. OKP's annual report is also issued well within the mandatory period and made available on the Group's corporate website. The Group has won awards for its annual report in previous years – it bagged the Best Annual Report 2005 Gold Award given by The Business Times for excellent standards of corporate disclosure and the the Best Annual Report Award – Gold, at the Inaugural Singapore Corporate Awards in 2006.

Annual General Meeting

The Annual General Meeting affords a valuable opportunity for constructive dialogue between shareholders and the Board of Directors. Shareholders are invited to share their views, raise issues and ask questions on any aspect of the Group and its business operations. Ample time is also given after the meeting to allow for informal interaction between shareholders and management as well as board members.

Harnessing the Web

In an increasingly technology-savvy environment, the Group is also ensuring that it makes use of web technology to reach out to its audiences. It uses an annual webcast to reach out to its investors, and also takes questions online via an Online Management Question-and-Answer forum with investors. In addition, the Group's website provides up-to-date and detailed information on OKP's business structure and operations. Through this channel, interested parties – including investors – are able to email feedback and queries to management, and be assured of a timely response.

Participation in Special Events

OKP also actively participates in "Corporate Days" organised by various securities houses to showcase the companies to their clients. This is an inventive way of communicating the company and its competitive strengths in a focused manner to interested and informed participants.

The depth and breadth of the information that we put out publicly have helped analysts and fund managers to make fair and accurate analysis and assessment of our business model, revenue streams and stock valuations. We believe that our openness and clarity in communication have contributed to growing investor confidence.

> OUR CUSTOMERS

" A customer is the most important visitor on our premises, he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so."
MAHATMA GANDHI

Our company would not be able to survive, let alone grow, without our customers. Therefore we view each customer relationship uniquely as a long-term partnership to be nurtured. Key to smooth customer relations is, first and foremost, the ability to provide a service that meets our customers' needs.

Our customers include government bodies such as the Civil Aviation Authority of Singapore, the Land Transport Authority, the Housing Development Board, the Public Utilities Board, the Jurong Town Corporation and the National Parks Board. Those in the Oil & Gas Sector include Rotary Engineering Ltd and Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

As OKP expands its customer base to include more of those in the Oil and Gas Sector, both in Singapore and overseas, it continues to adhere to its fundamental core value of building strong, solid partnerships.

We believe firmly in providing the best service to the client, and this often entails going the extra mile. For example, we understand that for many of our customers, timely completion of each project is paramount to the smooth operation of their business. As such, OKP completes each project expeditiously, completing projects ahead of schedule whenever possible, seeking always to align our schedules to meet our clients' business needs.

We believe the adoption of such an approach is helping us in our quest to be the *first and preferred* service provider for our customers. In turn, over the past several decades and even in the recent past, many of our customers have demonstrated their support for us in the form of repeat contracts.

For instance, we started our relationship with Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd with a site clearance project of $691,000. The most recent project awarded to us by this client is a sizeable $41 million, a show of their confidence in us. Indeed, OKP was named the Contractor of the Month in October 2007 by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

Apart from communicating with our clients on a professional level, OKP also engages them socially as part of our initiative to build and enhance customer relations. In July, we organised the OKP Golf Tournament 2007 at Bintan Lagoon Resort involving customers and business associates. It is our view that interacting with clients on a social level makes for good work relations and we will continue to seek opportunities to build relationships on all fronts.

> CORPORATE RESPONSIBILITY

We work within the community. Our projects, particularly those related to roads and infrastructure, affect the lives of those living in the vicinity. Much as these developments serve to enhance the necessary infrastructure for urban living, we are mindful that ongoing construction work can pose an inconvenient disruption to the lives of those living near the worksites. As such, we take extra measures to ensure any inconvenience, if any, is minimised or if possible, eradicated. For example, we take into account the demographics of the surrounding community and the type of activities that take place close to the worksites as well as the ebb and flow of human traffic when we plan our work schedules.

Safety First

Safety is an important quality at all worksites. A good safety record will inspire confidence in our customers as well as in the community in which we work. Therefore, we consider people safety to be a factor of utmost importance. Our staff are constantly kept updated of safety knowledge. The need to adhere to strict safety guidelines is constantly emphasised and forms an essential part of group briefings. We place the onus on those in positions of responsibility, such as safety and environment control officers, site engineers and site supervisors to be the custodians of our safety guidelines. In addition, regular fire drills serve to heighten site workers' alertness and help them to prepare for any unexpected occurrences while training courses such as the Construction Safety Course is a regular feature in staff orientation programmes. In recognition of our commitment to high safety standards, the Group was awarded the Construction Safety Award 2006 by the HDB and Merit Award 2006 by the Land Transport Authority for our good performance in Occupational Safety and Healthy Management for one of our construction projects.

Another area where we exercise corporate responsibility is in the area of noise pollution. We try to bring down noise pollution to a manageable level by using state-of-the-art equipment and techniques that reduce sound emissions.

Caring For The Less Fortunate

As a responsible corporate citizen, OKP recognises the importance of contributing to the less fortunate in the community where they operate. To this end, the Group donates to a number of charities, including the Community Chest, the Independent Society of the Blind, the MILK (Mainly I Love Kids) Fund, the Society of the Physically Disabled, St Luke's Eldercare and the Jalan Kayu Welfare and Education Fund.

> CORPORATE DIRECTORY

Singapore

OKP Holdings Limited

Or Kim Peow Contractors (Private) Limited

Eng Lam Contractors Co (Pte) Ltd

OKP Technical Management Pte Ltd

OKP Investments (China) Pte Ltd

United Pavement Specialists Pte Ltd
No 6 Tagore Drive #B1-06 Tagore Building
Singapore 787623
Tel : (65) 6456 7667
Fax: (65) 6453 7667

OKP (Oil & Gas) Infrastructure Pte Ltd
61 Jurong Island Highway Singapore 627860
Tel : (65) 6349 5040
Fax: (65) 6349 5035

Saipan, Commonwealth of Northern Mariana Islands

OKP (CNMI) Corporation
P.O. Box 10001, PMB A-25, Saipan, MP 96950
Tel : (670) 2351020
Fax: (670) 2351021

United Pavement Specialists (CMNI) Corporation
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Tel : (670) 2351020
Fax: (670) 2351021

FINANCIAL CONTENTS

> RISK ASSESSMENT AND MANAGEMENT

The Group is exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments and which may have an adverse impact on our future performance. Our management has formulated risk management policies and procedures, and developed plans to manage and mitigate the risks that could arise in the normal course of operations. Outlined below are the risks that we could be exposed to and how we plan to mitigate them as and when they arise:

RISKS RELATING TO OUR INDUSTRY

1. Increased competition could adversely affect our competitive position

Our business is project-based and contracts are generally awarded through a tender process. The nature of our business is such that the number and value of projects that we succeed in securing fluctuate from year to year. There is no assurance that we will continue to secure new projects that are profitable. If we are unable to do so, our financial performance will be adversely affected. In addition, as we face increased competition in the tender process, we may be forced to lower our tender prices to secure projects, and this could affect our profit margins.

Although price is often a primary factor in determining whom the contract would be awarded to, other factors such as experience, reputation, availability, equipment and safety record are also important. Our Group believes that with our expertise and experience in road construction and road maintenance, we are in a strong position to tender competitively for both government and private sector projects. We have a long operating history and an excellent track record – a clear demonstration and testimony of our ability to steer through various economic cycles.

2. Price fluctuations and availability of construction materials

The main construction materials that we use in our projects are cement, ready-mix concrete, asphalts, reinforced steel bars and granite. Any price fluctuation and change in the availability of these materials could affect us. For example, sand is one of the main raw materials in concrete, and the sand export ban from Indonesia affected the raw material costs across the industry when it occurred. In view of the competitive industry that we are in, we may not always be able to pass on any increase in cost of these raw materials to our customers and our profitability may thus be affected. However, in the normal course of our business, we continually strive to source for the most competitive pricing from our suppliers for the raw materials required. Where possible, we lock in the prices of the raw material for each project. Otherwise, we would include a fluctuation clause in the contract, granting OKP the right to adjust raw material prices should a price increase occur in the course of the project. These moves help to limit our exposure in the event of price fluctuations.

3. Dependence on the Singapore market

Since our inception, the Singapore market has been our primary source of revenue. The general economic, political, legal and social conditions prevailing in Singapore would affect our financial performance and operations. As a significant part of our business involves public projects, any pump-priming by the government could have a positive impact on OKP. The converse is also true and any move by the government to scale back on expenditure relating to road construction and maintenance could affect our business negatively. Our business and operations in Singapore are subject to the laws and regulations of the land and any change in government regulations in the course of a project. For example, increasing controls over worksite safety could result in our Group incurring additional costs to comply with the new regulations. This could have an adverse effect on our project costs and financial performance.

4. Guidelines and regulations 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 tenders relating to public sector construction projects. There are six major groups of registration heads, namely Construction Workheads (CW), Construction Related (CR) Workheads, Mechanical & Electrical (ME) Workheads, Maintenance (MW), Supply (SY) Workheads and Regulatory Workheads (RW). Within each workhead, there are financial gradings, which determine a contractor's tender capacity. BCA has also adopted a credit rating system, developed by the DP Information Group, to assess the financial health of companies. This serves as a supplementary indicator of the financial standing of larger construction firms such as those in the top categories of A1, A2 and B1.

In the event that we are unable to maintain the status, our Group would not be able to tender for projects of the stipulated contract values on the Contractors Registration System (CRS). This could have an adverse impact on our financial performance. However, we have been able to maintain our position over the last several decades. In addition, we continually review our financials and improve our financial management where necessary.

5. General risks associated with doing business outside Singapore

We currently have operations in Singapore and Commonwealth of the Northern Mariana Islands, and are also looking to extend our reach beyond Singapore and CNMI. There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and consequently, our business, results of operations and financial condition.

Our Group continues to adopt a prudent and disciplined approach in the assessment of all business opportunities so as to reduce risks in both local and overseas operations.

RISKS RELATING TO US

6. Dependency on our private sector clientele for a significant portion of our revenue

Increasingly, we are looking to the private sector to reduce our dependency on public sector. Since early 2006, we have successfully penetrated the Oil & Gas industry in Singapore, having secured a number of contracts. Even as this move sees us reducing our dependence on public sector clientele, it has conversely increased the uncertainty over the timeliness of collection of trade receivables. Our response to this is to adopt a selective approach to our potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process. Our credit policy is also focused on spreading the risks over various sectors, countries and markets.

7. Liability claims and disputes

Our Group is exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should we fail to complete a project within the stipulated time, we could be held liable for liquidated damages. In these circumstances, financial compensation may have to be paid to our customers.

Our Group continues to expend considerable effort to ensure that our projects are managed competently and to the highest quality. One of the ways we do this is to provide our employees with regular and relevant training. We have not had any significant claim made by customers nor have we encountered any material dispute over the last three financial years.

8. Exposure to cost overruns

In the course of our operations, we could face cost overruns. For example, if we were to underestimate the costs involved, the duration of a project, or if we were to encounter any unforeseeable circumstances such as adverse ground conditions, unfavorable weather constraints, or in the event of dispute over an instruction issued by our client for a variation order.

To mitigate this risk, cost control measurement is carried out at various stages to ensure that the projects are kept well within budget. Careful monitoring and quality assurance are also performed vigilantly to ensure project management risk is mitigated. Our Group believes that with our project management expertise, we are able to manage the costs related to each project effectively.

9. Dependence on foreign workers/exposure to labour shortages

Due to the nature of our work and the thriving economy, there is a limited supply of adequately skilled local construction workers. As it is highly unlikely that the supply of local construction workers is going to increase, we rely heavily on skilled foreign workers for our projects. The supply of foreign workers is further subject to the policies imposed by the Ministry of Manpower and the 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. These would have a negative impact on our earnings during that period. Our Group believes in making efforts to derive optimum benefit from those employed, for example, by enhancing their quality through training as well as skill upgrading.

10. Excessive warranty claims

We provide limited warranty for our construction projects for a period of up to 10 years, a standard for our industry. This limited warranty covers defects and any premature wear–and- tear of the materials used. Rectification and repair works covered under warranty would not be chargeable to the customers. Excessive warranty claims for rectification and repair works would have an adverse effect on our financial performance. However, with our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past three financial years.

11. Financial risks

The Group is exposed to a variety of financial risks, namely credit risks, interest rate, foreign currency and liquidity risks. How we manage these risks is outlined on Page 99 of the Annual Report (under the Notes to the Financial Statements).

12. Industry hazards, especially in the Oil & Gas industry

We place a heavy emphasis on safety for our projects, especially those construction sites in the oil and gas industry, due to the nature of the operating environment. Our safety control guidelines adhere closely to the standards, laws and regulations laid out by our clients as well as the relevant authority.

Our safety policy is based primarily on identifying and applying safe workplace practices for our own as well as sub-contractor employees. Seminars on health and safety are held regularly to instill safety knowledge to our employees at all levels, especially the new employees. Proper safety knowledge and management have been inculcated through safety and environment control officers, site engineers and site supervisors. We also conduct fire safety exercises at least twice a year in order to ensure readiness of our fire safety personnel in the event of industrial accidents. We are committed to maintaining our high quality standards, enhancing productivity and improving workplace safety.

> CORPORATE GOVERNANCE REPORT

OKP Holdings Limited (the Company) continues to be committed to achieving high standards of corporate governance. The Company believes that sound corporate governance principles and practices will sustain and improve corporate transparency, accountability, performance and integrity, and protect and enhance shareholder value.

The Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) requires all lited companies to describe, in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Singapore Code of Corporate Governance introduced in April 2001 and amended in 2005 (the Code).

We have presented our corporate governance policies and practices on each of the principles of the Code in a tabular form, stipulating each principle and guideline, and deviations from the Code are explained. The Company confirms that it has complied with the requirements of the Code as well as the Listing Manual of the SGX-ST where appropriate.

1. BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.***

Our Policy and Practices:

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

Guideline 1.1 of the Code: The Board's role

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company.
- Monitoring financial performance, including approval of the full and half-year financial reports of the Company.
- Approving major investment and funding decisions.
- Reviewing the process of 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.
- Assuming responsibilities for corporate governance.

The Board is made up of one-third non-Executive Directors who are independent of Management and have 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.

Guideline 1.2 of the Code: Directors to act in the interests of the Company

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

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

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

The Board met twice in FY2007. Telephonic attendance and conference via audio communication at Board meetings are permitted under Article 120(2) of the Company's Articles of Association. The attendances of the Directors at Board Committee meetings set out below:-

Guideline 1.4 of the Code: Board to meet regularly

		Board Committees		
Board/Committees	**Board**	**Audit**	**Remuneration**	**Nominating**
No of meetings held	2	2	1	1
Name of Directors	**Number of Board Committee meetings attended**			
Mr Or Kim Peow	2	2	1	1
Mr Or Toh Wat	2	2	1	1
Mdm Ang Beng Tin	2	2	1	1
Mr Or Kiam Meng	2	2	1	1
Mr Oh Enc Nam	2	2	1	1
Mr Or Lay Huat Daniel	2	2	1	1
Dr Chen Seow Phun, John	2	2	1	1
Mr Nirumalan s/o V Kanapathi Pillay	2	2	1	1
Mr Tan Boen Eng	2	2	1	1

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.

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

Guideline 1.5 of the Code: Matters requiring Board approval

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. 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.

Guideline 1.6 and 1.8 of the Code: Directors to receive appropriate training

Newly-appointed Directors will be briefed on the business and organisation structure of the Group and its strategic directions. All Directors are appointed to the Board by way of a formal letter of appointment or service agreement setting out the scope of their duties.

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

> CORPORATE GOVERNANCE REPORT (CONT'D)

Board Composition and Guidance

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 nine Directors of whom three are considered independent[1] by the Board. There is a strong independent element on the Board, with independent Directors constituting 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.

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

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 Nirumalan s/o V Kanapathi Pillay is the Managing Partner of Niru & Co (N&C) which provides legal and professional services to the Group. The NC is of the view that the business relationship with N&C will not interfere with the exercise of independent judgement by Mr Pillay in his role as an independent Director as matters involving the Group are usually handled by the other partners of N&C.

Guideline 2.2 of the Code: Disclosure of Director's relationship

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.

Guideline 2.3 of the Code: Board to determine its appropriate size

The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are found on pages 14 to 19 of this annual report. 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.

Guideline 2.4 of the Code: Board to comprise Directors with core competencies

The Independent Directors did not arrange to meet during FY2007 without the presence of the management as they did not deem it necessary.

Guideline 2.5 and commentary 2.6 of the Code: Role of independent directors and regular meetings of independent directors

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 and Mr Or Toh Wat respectively. Mr Or Toh Wat, is the son of Mr Or Kim Peow. Both are Executive Directors.

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

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.

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

Guideline 3.2 of the Code: Chairman's role

- 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.
- 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 businesses.

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

The Board had appointed a Lead Independent Director (LID) on 1 August 2006 to lead and co-ordinate the activities of the Independent Directors. The LID, in particular, aids the Independent Directors to constructively challenge and assist in the development of proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. The LID will also co-ordinate sessions for the Independent Directors to meet.

Commentary 3.3 of the Code: Appointment of LID where Chairman and CEO are Executives

Membership

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

Our Policy and Practices:

The NC was formed on 10 July 2002 and now comprises Mr Tan Boen Eng, Dr Chen Seow Phun, John, and Mr Nirumalan s/o V Kanapathi Pillay, all of whom are non-Executive and Independent Directors. The Chairman of the NC is Mr Tan Boen Eng. Mr Tan is not associated with a substantial shareholder, thus complying with the new requirement in Guideline 4.1 of the Code.

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

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 Board 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 representations, whether the Director is able to and has been adequately carrying out his duties as Director of the Company.
- To ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years.
- To determine on an annual basis whether or not a Director is independent.

The NC is charged with the responsibility of re-nominating the Directors. Pursuant to Article 107 of the Company's Articles of Association, one-third of the Directors (except the Group MD) shall retire from office at least once every three years at the Company's Annual General Meeting (AGM). In addition, Article 109 provides that the retiring Directors are eligible to offer themselves for re-election. Directors of over 70 years of age are required to be re-elected every year at the AGM under Section 153(6) of the Companies Act before they can continue to act as a Director. Article 112 provides that each term of appointment of the Group MD shall not exceed five years.

Guideline 4.2 of the Code: NC responsible for re-nomination of Directors

> CORPORATE GOVERNANCE REPORT (CONT'D)

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.

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

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

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

In its search and nomination process for new Directors, the NC has, at its disposal, search companies, personal contacts and recommendations for the right candidates.

New Guideline 4.5 of the Code: Description of process for selection and appointment of new Directors to be disclosed

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.

Guideline 4.6 of the Code: Key information regarding directors

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

Name	Age	Postition	Date of initial appointment	Date of last re-election
Mr Or Kim Peow	73	Group Chairman	15 February 2002	27 April 2007
Mr Or Toh Wat	40	Group Managing Director	15 February 2002	Not Applicable
Mdm Ang Beng Tin	52	Executive Director	20 March 2002	27 April 2007
Mr Or Kiam Meng	43	Executive Director	20 March 2002	27 April 2006
Mr Oh Enc Nam	52	Executive Director	20 March 2002	27 April 2007
Mr Or Lay Huat Daniel	30	Executive Director	1 August 2006	27 April 2007
Dr Chen Seow Phun, John	54	Independent Director	25 June 2002	27 April 2006
Mr Nirumalan s/o V Kanapathi Pillay	55	Independent Director	1 June 2005	27 April 2006
Mr Tan Boen Eng	75	Independent Director	25 June 2002	27 April 2007

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 and managed. The 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 of 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 individual Directors. These performance criteria, which include return on assets and return on equity, allow the Company to make, which comparisons with its industry peers and are linked to long- term shareholders' value. The selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

Guideline 5.1 of the Code: Board to implement process to address Board performance and disclose the process in Annual Report

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 to strengthening the effectiveness of the Board as a whole. The NC met once and conducted its fifth round of assessment in FY2008.

Guideline 5.2, 5.3 and 5.5 of the Code: Evaluation of Board's performance criteria

The first round of individual assessment of Directors will be conducted in FY2008. The criteria for assessment include attendance record, intensity of participation at meetings, the quality of intervention and special contributions.

New Guideline 5.4 of the Code: There should be individual evaluation of Directors' effective contributions

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 FY2007, 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, allowing for more time at such meetings for questions that members may have.

Guideline 6.1 and 6.2 of the Code: Management obliged to provide Board with adequate and timely information and include background and explanatory information

All the independent Directors have access to the senior executives in the Group.

Guideline 6.1 of the Code: Board should have separate, independent access to senior management

> CORPORATE GOVERNANCE REPORT (CONT'D)

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. The appointment and removal of the Company Secretary would be a matter for the Board as a whole.

Guideline 6.3 and 6.4 of the Code: Directors to have access to Company Secretary; role of Company Secretary to be clearly defined and appointment and removal of Company Secretary

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.

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

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 RC was formed on 10 July 2002 and now comprises Mr Nirumalan s/o V Kanapathi Pillay, 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 Nirumalan s/o V Kanapathi Pillay. None of the RC members or Director is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him.

New Guideline 7.1 of the Code: RC to consist of entirely independent Directors

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.

Guideline 7.2 of the Code: RC to recommend remuneration of Directors and CEO, and review remuneration of senior management

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.
- 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 has access to appropriate expert advice if necessary.

Commentary 7.3 of the Code: RC to seek expert advice

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 than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.***

Our Policy and Practices:

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 respectively. In FY2007, variable or performance related income/bonus made up 42% to 65% of the total remuneration of the Directors.

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

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.

Guideline 8.2 of the Code: Remuneration of independent directors dependent on contribution, effort, time spent and responsibilities

The RC has reviewed the service agreement of all the Executive Directors in FY2007. Each of the Executive Directors has a formal service agreement which is automatically renewed on a yearly basis. There are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving the Executive Director one month's notice in writing or, in lieu of notice, payment of one month's salary based on the Executive Director's last drawn salary.

Guideline 8.3 and Commentary 8.6 of the Code: Fixed appointment period for executive Directors and notice period for service contract to be 6 months or less

Currently, the Company does not have any employee share option scheme.

Guideline 8.4 of the Code: Long-term incentive schemes are encouraged

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.

Commentary 8.5 of the Code: Remuneration comparison within industry

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. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.***

Our Policy and Practices:

The Board has not included a separate annual remuneration report to shareholders in this annual report on the remuneration of Directors and the top 5 key executives (who are not Directors of the Company) as the Board is of view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

Guideline 9.1 and 9.2 of the Code: Remuneration of Directors and top 5 key executives

> CORPORATE GOVERNANCE REPORT (CONT'D)

A breakdown, showing the level and mix of each individual Director's remuneration in FY2007 is as follows:

Remuneration of Directors for the financial year ended 31 December 2007				
Remuneration Band & Name of Director	**Base/fixed salary ***	**Variable or performance related income /bonuses**	**Director's fee****	**Total**
$500,000 and above				
Mr Or Kim Peow	58%	42%	–	100%
$250,000 to $499,999				
Mr Or Toh Wat	52%	48%	–	100%
Mdm Ang Beng Tin	52%	48%	–	100%
Mr Or Kiam Meng	52%	48%	–	100%
Mr Oh Enc Nam	52%	48%	–	100%
Mr Or Lay Huat Daniel	36%	64%	–	100%
Below $250,000				
Dr Chen Seow Phun, John	–	–	100%	100%
Mr Nirumalan s/o V Kanapathi Pillay	–	–	100%	100%
Mr Tan Boen Eng	–	–	100%	100%

Notes:
* inclusive of allowances and Central Provident Fund contributions
** these fees are subject to the approval of the shareholders at the forthcoming AGM.

A breakdown, showing the level and mix of the top five key executives (who are not Directors of the Company) in FY2007 is as follows:

Remuneration of Key Executives for the financial year ended 31 December 2007				
Remuneration Band & Name of Director	**Base/fixed salary ***	**Variable or performance related income /bonuses**	**Director's fee****	**Total**
Below $250,000				
Ms Ong Wei Wei	79%	21%	–	100%
Mr Or Yew Whatt (2)	86%	14%	–	100%
Mr Oh Kim Poy (3)	86%	14%	–	100%

* inclusive of allowances and Central Provident Fund contributions
(2) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow, who is the Chairman of the Company.
(3) Mr Oh Kim Poy is the brother of Mr Or Kim Peow, who is the Chairman of the Company.
(4) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary company of the 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 2007. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Guideline 9.3 of the Code: Disclosure of remuneration of employees who are immediate family members of Director whose remuneration exceeds $150,000

Currently, the Company does not have any employee share option scheme.

Guideline 9.4 of the Code: Details of employees share schemes

3. ACCOUNTABILITY AND AUDIT

Accountability

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

Our Policy and Practices:

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

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

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

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

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.

Guideline 10.2 of the Code: Management should provide Board with management accounts on a monthly basis

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 has written terms of reference that are approved by the Board and clearly set out its responsibilities.

Guideline 11 of the Code: Board to establish AC with written terms of reference

> CORPORATE GOVERNANCE REPORT (CONT'D)

The AC of the Company was formed on 10 July 2002 and comprises Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillay 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.

Guideline 11.1 of the Code: AC should comprise at least three directors, all non-executive, and the majority of whom, including the chairman, are independent

The AC carries out its functions in accordance with the Companies Act and the Code. The terms of reference of the AC are as follows:

Guideline 11.4 and 11.8 of the Code: Duties of AC

- To review the Company's independent auditor's annual audit plan.
- To review the independent auditor's reports.
- To review the co-operation given by the Company's officers to the independent auditor.
- To review the adequacy of the Company's internal controls.
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.
- To review the cost effectiveness of the independent audit and, where the independent auditor provide non-audit services to the Company, to review the nature, extent and costs of such services so as to avoid an erosion of the independence and objectivity of the independent auditor.
- 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 recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor.
- 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 businessman. Mr Nirumalan s/o V Kanapathi Pillay is the managing partner of a law firm and Mr Tan Boen Eng is a certified public accountant by profession 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.

Guideline 11.2 of the Code: Board to ensure AC members are qualified

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

Guideline 11.3 of the Code: AC to have explicit authority to investigate and have full access to Management and reasonable resources

The AC has reviewed the volume of non-audit services provided to the Company by the independent auditor, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor, has confirmed their re-nomination.

Guideline 11.6 of the Code: AC to review independence of external auditors annually

The AC has met with the independent auditor without the presence of Management once a year to review any matters that might be raised privately.

Guideline 11.5 of the Code: AC to meet external auditors without the presence of management, annually

The Company has put in place a whistle-blowing policy and procedures, which provide staff with well-defined and accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence and there is independent investigation of such matters and appropriate follow-up action.

New Guideline 11.7 of the Code: AC to review arrangements for staff to raise concerns/ possible improprieties to AC

The AC met twice in FY2007. Minutes of AC meetings are circulated to fellow Directors by the Company Secretary.

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.

Guideline 12.1 of the Code: AC to review adequacy of financial, operational and compliance controls and risk management policies

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 independent auditor, Nexia Tan & 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 the information provided to the AC, nothing has come to the AC's attention to cause the AC to believe that the system of internal controls and risk management is inadequate.

Guideline 12.2 of the Code: Board to comment on adequacy of the internal controls

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

Guideline 13.1 of the Code: IA to report to AC chairman, and to CEO administratively

Guideline 13.3 of the Code: AC to ensure IA is adequately resourced

Guideline 13.4 of the Code: AC to ensure adequacy of IA function annually

> CORPORATE GOVERNANCE REPORT (CONT'D)

The independent auditor, Nexia Tan & Sitoh 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.

Guideline 13.2 of the Code: IA should meet standards set by internationally-recognised professional bodies

The independent auditor has direct access to the AC.

4. COMMUNICATIONS WITH SHAREHOLDERS

Accountability

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

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.

Guideline 14.1 of the Code: Company to regularly convey pertinent information

Information is communicated to shareholders on a timely basis through:

Guideline 14.2 of the Code: Company to disclose information on a timely basis

- 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.
- On-line Q&A forum via the investor relations channel on financial portal at http://www.shareinvestor.com

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 Companies Act.

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 Articles of Association allows a shareholder to appoint up to two proxies to attend and vote in his place at general meetings.

Guideline 15.1 of the Code: Shareholders should be allowed to vote in absentia

The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and to promote better investor communications. At 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 Board Committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

Guideline 15.3 of the Code: Committee Chairman and external auditors to be present at AGM

Currently, the Articles of Association limit the number of proxy votes for nominee companies.

New Guideline 15.4 of the Code: Companies encouraged to amend Articles to avoid imposing limit on number of proxies for nominee companies

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 rules in the Listing Manual of the SGX-ST in respect of dealings in securities.

Directors and all key executives are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-yearly results and ending on the date of the announcement of the results. All employees are required to report to the Company Secretary whenever they deal in the Company's shares.

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 2007 in accordance with its existing procedures:-

Name of Interested Person	Aggregate Value of all Interested Person Transactions during the financial year ended 31 December 2007 $'000
Provision of legal services	
Niru & Co (5)	2

Note:
(5) Mr Nirumalan s/o V Kanapathi Pillay, who is an independent Director of the Company, is the Managing Partner of Niru & Co.

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 pages 50 to 51 of this Annual Report.

> DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2007 and the balance sheet of the Company as at 31 December 2007.

Directors

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

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

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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

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

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	At 1.1.2007	At 31.12.2007	At 21.1.2008	At 1.1.2007	At 31.12.2007	At 21.1.2008
The Company						
No. of ordinary shares						
Or Kim Peow	4,830,000	1,930,000	2,290,000	89,901,940	89,901,940	89,901,940
Or Toh Wat	2,838,000	1,238,000	1,238,000	–	–	–
Ang Beng Tin	2,939,000	1,239,000	1,239,000	–	–	–
Or Kiam Meng	2,838,000	1,238,000	1,238,000	–	–	–
Oh Enc Nam	1,044,000	444,000	444,000	–	–	–
Or Lay Huat Daniel	2,838,000	1,238,000	1,238,000	–	–	–
Chen Seow Phun, John	–	–	–	20,000	20,000	20,000
Immediate and Ultimate Holding Company – Or Kim Peow Investments Pte. Ltd.						
No. of ordinary shares						
Or Kim Peow	97,091	97,091	97,091	–	–	–
Or Toh Wat	58,255	58,255	58,255	–	–	–
Ang Beng Tin	60,272	60,272	60,272	–	–	–
Or Kiam Meng	58,255	58,255	58,255	–	–	–
Oh Enc Nam	21,436	21,436	21,436	–	–	–
Or Lay Huat Daniel	58,255	58,255	58,255	–	–	–

Directors' interests in shares or debentures (Cont'd...)

By virtue of Section 7 of the Singapore Companies Act (Cap. 50) (the Act), Or Kim Peow is deemed to have an interest in the shares of all the subsidiaries, at the beginning and at the end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

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

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act and the Code of Corporate Governance.

The main functions of the Audit Committee are as follows:

- To review the Company's independent auditor's annual audit plan.
- To review the independent auditor's reports.
- To review the co-operation given by the Company's officers to the independent auditor.
- To review the adequacy of the Company's internal controls.
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.
- To review the cost effectiveness of the external audit and, where the independent auditor provides non-audit services to the Company, to review the nature, extent and costs of such services so as to avoid an erosion of the independence and objectivity of the independent auditor.
- 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 recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor.
- To review all interested person transactions to ensure that each has have been conducted on an arm's length basis.

> DIRECTORS' REPORT (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Audit committee (Cont'd...)

The Audit Committee met twice in FY2007. The Audit Committee has met with the independent auditor without the presence of Management, to discuss issues of concern to them. The Audit Committee recommends the re-appointment of the independent auditor. The Audit Committee also met with the independent auditor to discuss the results of their examinations and their evaluations of the Company's 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 independent auditor, reviewed interested person transactions.

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

Nexia Tan & Sitoh had notified the Company that their partnership had been corporatised and will be practicing as Nexia TS Public Accounting Corporation.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation (formerly practicing as Nexia Tan & Sitoh) be nominated for appointment as independent auditor at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation (formerly practicing as Nexia Tan & Sitoh), has expressed its willingness to accept appointment in place of Nexia Tan & Sitoh.

On behalf of the directors

Or Kim Peow
Director

Or Toh Wat
Director

Singapore

27 March 2008

> STATEMENT BY DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

In the opinion of the directors:

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 71 to 106 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 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 directors

Or Kim Peow
Director

Or Toh Wat
Director

Singapore

27 March 2008

> INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OKP HOLDINGS LIMITED

We have audited the accompanying financial statements of OKP Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 106, which comprise the balance sheets of the Company and of the Group as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Nexia Tan & Sitoh
Certified Public Accountants

Singapore

27 March 2008

> BALANCE SHEETS
AS AT 31 DECEMBER 2007

	Note	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
ASSETS					
Current assets					
Cash and cash equivalents	5	24,862,065	14,656,043	2,699,729	982,482
Trade and other receivables	6	36,046,039	21,118,860	7,441,165	5,376,861
Construction contracts work-in-progress	7	1,805,111	1,236,400	–	–
Other current assets	8	505,560	540,496	27,044	27,817
		63,218,775	37,551,799	10,167,938	6,387,160
Non-current assets					
Investments in subsidiaries	9	–	–	14,476,094	14,199,986
Investment property	10	1,400,000	800,048	–	–
Property, plant, and equipment	11	10,623,309	7,848,397	12,755	12,159
Intangible assets	12	1,687,551	1,687,551	–	–
		13,710,860	10,335,996	14,488,849	14,212,145
Total assets		76,929,635	47,887,795	24,656,787	20,599,305
LIABILITIES					
Current liabilities					
Trade and other payables	13	35,098,404	21,168,189	3,660,050	2,265,572
Current portion of finance lease liabilities	14	1,343,465	817,842	–	7,606
Current income tax liabilities		3,663,926	1,485,150	382,102	11,350
		40,105,795	23,471,181	4,042,152	2,284,528
Non-current liabilities					
Finance lease liabilities	14	2,450,743	1,486,376	–	–
Deferred income tax liabilities	15	201,513	248,797	–	–
		2,652,256	1,735,173	–	–
Total liabilities		42,758,051	25,206,354	4,042,152	2,284,528
NET ASSETS		**34,171,584**	**22,681,441**	**20,614,635**	**18,314,777**
EQUITY					
Capital and reserve attributable to equity holders of the Company					
Share capital	16	17,243,071	14,955,415	17,243,071	14,955,415
Retained earnings	17	16,401,281	7,727,699	3,371,564	3,359,362
		33,644,352	22,683,114	20,614,635	18,314,777
Minority interests		527,232	(1,673)	–	–
Total equity		**34,171,584**	**22,681,441**	**20,614,635**	**18,314,777**

The accompanying notes form an integral part of these financial statements

> CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 $	Group 2006 $
Revenue	18	124,660,070	73,266,614
Cost of works	19	(102,815,088)	(62,821,164)
Gross profit		21,844,982	10,445,450
Other income	20	1,520,207	560,411
Expenses			
– Administrative expenses		(8,885,732)	(5,441,001)
– Other		(226,385)	(104,977)
– Finance	21	(136,672)	(105,041)
Profit before income tax		14,116,400	5,354,842
Income tax expense	24	(3,116,003)	(1,294,566)
Net profit		11,000,397	4,060,276
Attributable to:			
Equity holders of the Company		10,921,496	4,148,046
Minority interests		78,901	(87,770)
		11,000,397	4,060,276
Earnings per share attributable to equity holders of the Company (cents per share)	25		
– Basic		7.36	3.04
– Diluted		7.36	3.04

The accompanying notes form an integral part of these financial statements

> CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

Group	Note	← Share capital $	Attributable to equity holders of the Company Share premium $	Retained earnings $	→ Total $	Minority interest $	Total equity $
2007							
Beginning of financial year		14,955,415	–	7,727,699	22,683,114	(1,673)	22,681,441
Total recognised income – Net profit		–	–	10,921,496	10,921,496	78,901	11,000,397
Issue of shares	16	2,287,656	–	–	2,287,656	–	2,287,656
Incorporation of new subsidiaries		–	–	–	–	450,004	450,004
Dividend relating to 2006 paid	26	–	–	(2,247,914)	(2,247,914)	–	(2,247,914)
End of financial year		17,243,071	–	16,401,281	33,644,352	527,232	34,171,584
2006							
Beginning of financial year		13,626,094	1,329,321	3,579,653	18,535,068	(3,903)	18,531,165
Total recognised income – Net profit		–	–	4,148,046	4,148,046	(87,770)	4,060,276
Effect of Singapore Companies (Amendment) Act 2005	16	1,329,321	(1,329,321)	–	–	–	–
Incorporation of a new subsidiary		–	–	–	–	90,000	90,000
End of financial year		14,955,415	–	7,727,699	22,683,114	(1,673)	22,681,441

The accompanying notes form an integral part of these financial statements

> CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Note	Group 2007 $	Group 2006 $
Cash flows from operating activities			
Net profit		11,000,397	4,060,276
Adjustments for:			
– Income tax expense		3,116,003	1,294,566
– Depreciation and impairment of property, plant, and equipment		1,946,627	1,552,943
– Net fair value gain on investment property		(599,952)	–
– Gain on disposal of property, plant and equipment		(161,177)	(55,387)
– Interest income		(353,753)	(233,933)
– Interest expense		136,672	105,041
Operating cash flow before working capital changes		15,084,817	6,723,506
Change in working capital			
– Trade and other receivables		(14,856,314)	(12,115,039)
– Construction contracts work-in-progress		(568,711)	1,377,961
– Other current assets		34,936	16,199
– Trade and other payables		13,930,215	7,094,316
Cash generated from operations		13,624,943	3,096,943
– Interest income		353,753	233,933
– Income tax paid		(984,511)	(45,177)
Net cash provided by operating activities		12,994,185	3,285,699
Cash flows from investing activities			
– Purchase of property, plant and equipment		(2,116,223)	(1,129,575)
– Proceeds from disposal of property, plant and equipment		208,014	80,430
Net cash used in investing activities		(1,908,209)	(1,049,145)
Cash flows from financing activities			
– Repayment of finance lease liabilities		(1,162,163)	(816,249)
– Interest expense		(136,672)	(105,041)
– Dividend paid to shareholders		(2,247,914)	–
– Proceeds from issuance of shares		2,287,656	–
– Proceeds from issue of shares of subsidiaries to minority shareholders		450,004	90,000
Net cash used in financing activities		(809,089)	(831,290)
Net increase in cash and cash equivalents		10,276,887	1,405,264
Cash and cash equivalents at beginning of financial year		9,130,650	7,725,386
Cash and cash equivalents at end of financial year	5	19,407,537	9,130,650

The accompanying notes form an integral part of these financial statements

> NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

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

1 General information

OKP Holdings Limited (the Company) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is No. 6 Tagore Drive #B1-06 Tagore Building, Singapore 787623.

The principal activities of the Company are those relating to investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

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

2 Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2007

On 1 January 2007, the Group adopted the new or amended FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

Amendments to FRS 1	Presentation of Financial Statements – Capital Disclosures
FRS 40	Investment Property
FRS 107	Financial Instruments: Disclosures
INT FRS 110	Interim Financial Reporting and Impairment

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements, except for the adoption of FRS 40, of which the effects are disclosed in Note 3. FRS 107 and the complementary amended FRS 1 introduce new disclosures relating to financial instruments and capital respectively.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

2 Significant accounting policies (Cont'd...)

2.2 Group accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority 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 subsidiaries. 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 and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Intangible assets - Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed to the equity holders of the Company are fully recovered.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the carrying value of identifiable net assets of the subsidiary.

2.3 Property, plant and equipment

(i) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 Significant accounting policies (Cont'd...)

2.3 Property, plant and equipment (Cont'd...)

(iii) Depreciation

Depreciation on property, plant and equipment is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful Lives
Freehold properties	50 years
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment	5 – 10 years
Furniture and fittings	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

2.4 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable net assets and contingent liabilities of the acquired subsidiaries at the date of acquisition. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.5 Investment property

Investment property relates to a freehold property that is held for long-term rental yields and/or for capital appreciation. Investment property is initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the income statement.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

2 Significant accounting policies (Cont'd...)

2.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.7 Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units (CGU) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(ii) Property, plant & equipment
Investment in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

2 Significant accounting policies (Cont'd...)

2.8 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group only has loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with no fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. The loans and receivables are presented as "trade and other receivables" on balance sheet.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement.

(iii) Initial measurement

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

(iv) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(v) Impairment

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

Loans and receivables

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

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

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

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

2 Significant accounting policies (Cont'd...)

2.9 Construction contracts

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

When 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.

When 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.

At the balance sheet, the aggregated costs incurred plus recognised profit (less recognised loss) on each is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is presented as due to customers on construction contracts.

Progress billings not yet paid by customers and retention monies are included within "trade receivables".

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

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

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.12 Leases

(i) When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases.

a) Lessee - Finance leases

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

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

2 Significant accounting policies (Cont'd...)

2.12 Leases (Cont'd...)

(i) When the Group is the lessee: (Cont'd...)

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

(ii) When the Group is the lessor:

The Group leases investment property under operating leases to non-related parties.

(a) Lessor - Operating leases

Leases of investment property where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

2.13 Revenue recognition

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

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Group's activities are met as follows:

(i) Revenue from construction contracts

Revenue from construction contracts is recognised based on the percentage of completion method as disclosed in Note 2.9.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental income

Rental income from operating lease on investment property is recognised on a straight-line basis over the lease term.

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

2 Significant accounting policies (Cont'd...)

2.14 Income taxes (Cont'd...)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement.

2.15 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 the amount has reliably estimated.

2.16 Employee compensation

(i) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(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.

2.17 Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Singapore Dollar.

(ii) Transactions and balances

Transactions in a currency other than the functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 Significant accounting policies (Cont'd...)

2.17 Currency translation (Cont'd...)

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the currency translation reserve.

2.18 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2.19 Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. Contingent liabilities are possible but not probable obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain event not wholly within the control of the Group.

The Group consults with legal counsel on matters related to litigation and other experts both within and outside the Group with respect to matters in the ordinary course of business. Details of litigation are disclosed in Note 30.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are net off with fixed deposits pledged to the banks.

2.21 Share capital

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

2.22 Dividends to Company's shareholders

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

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

3. Effects on financial statements on adoption of new FRS

The Group has adopted FRS 40 *Investment Property* on 1 January 2007, which is the effective date of the Standard. The effects on adoption are set out below.

(a) The Group had previously accounted for its investment properties under FRS 25 *Accounting for Investments*. Under FRS 25, increases in carrying amounts arising from revaluation are recognised in an asset revaluation reserve, unless they offset previous decreases in the carrying amount of the same investment, in which case, they are recognised in the income statement. Decreases in carrying amounts that offset previous increases of the same investment asset are recognised in the asset revaluation reserve. All other decreases in carrying amounts are recognised in the income statement.

Under FRS 40, changes in fair values are recognised in the income statement when the changes arise.

(b) FRS 12 – Income Taxes

Prior to 1 January 2007, a deferred tax liability on the revaluation surplus of investment properties was not recognised. Upon adoption of FRS 40, the Group has re-evaluated the requirement to account for the deferred tax liability arising from the revaluation surplus on its investment properties and has accounted for the related deferred tax liability on 1 January 2007.

The Group elected to account for the effects of (a) above prospectively from 1 January 2007 in the financial statements for the financial year ended 31 December 2007, in accordance with the transitional provisions of FRS 40. The effect of the deferred tax liability in (b) has not been recognised in the financial statements for the financial year ended 31 December 2007 as the effects on the financial statements are immaterial.

4 Critical accounting estimates, assumptions and judgements

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill, and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculation require the use of estimates (Note 12).

(b) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2007 were $10,623,309 (2006: $7,848,397). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract.

4 Critical accounting estimates, assumptions and judgements (Cont'd...)

(i) Key sources of estimation uncertainty (Cont'd...)

(c) Construction contracts (Cont'd...)

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

(d) Income taxes

The Group has exposure to income taxes in two jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's current income tax liabilities and deferred income tax liabilities as at 31 December 2007 were $3,663,926 (2006: $1,485,150) and $201,513 (2006: $248,797) respectively.

(ii) Critical judgement made in applying accounting policies

Judgement made by management in the application of FRS that has a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the next financial year is discussed below:

(a) Impairment of investments and financial assets

The Group and the Company follow the guidance of FRS 36 *Impairment of Assets* and FRS 39 *Financial Instruments: Recognition and Measurement* in determining when an investment or financial asset is other-than-temporary impaired and this requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health and near-term business outlook for the investment of financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Cash at bank and on hand	8,752,583	2,545,922	476,281	272,230
Fixed deposits with banks	16,109,482	12,110,121	2,223,448	710,252
	24,862,065	14,656,043	2,699,729	982,482
Fixed deposits pledged to banks	(5,454,528)	(5,525,393)	–	–
Cash and cash equivalents in consolidated statement of cash flows	19,407,537	9,130,650	2,699,729	982,482

Fixed deposits of $5,454,528 (2006: $5,525,392) are pledged to banks for banking facilities of certain subsidiaries.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

6 Trade and other receivables

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Trade receivables				
– Non-related parties	3,413,614	4,156,826	–	–
– Minority shareholder of a subsidiary	473,781	–	–	–
– Subsidiaries	–	–	7,500,960	3,864,150
	3,887,395	4,156,826	7,500,960	3,864,150
Less: Allowance for impairment of receivables	(460,546)	–	(543,720)	–
Trade receivables – net	3,426,849	4,156,826	6,957,240	–
Construction contracts				
– Due from customers (Note 7)	30,677,988	11,615,888	–	–
– Retentions	1,373,438	5,141,321	–	–
	32,051,426	16,757,210	–	–
Non-trade receivables				
– Minority shareholder of a subsidiary	261,721	147,786	–	–
– Subsidiaries	–	–	1,564,079	1,512,711
	261,721	147,786	1,564,079	1,512,711
Less: Allowance for impairment of receivables	–	–	(1,080,454)	–
Non-trade receivables - net	261,721	147,786	483,625	1,512,711
Other receivables	306,043	57,038	300	–
	36,046,039	21,118,860	7,441,165	5,376,861

The non-trade amounts due from subsidiaries and minority shareholder of a subsidiary are unsecured, interest-free and are repayable on demand.

7 Construction contracts work-in-progress

	Group 2007 $	Group 2006 $
Construction contract work-in-progress		
Beginning of financial year	1,236,400	2,614,361
Contract costs incurred	103,383,799	61,443,203
Contract expenses recognised in the income statement	(102,815,088)	(62,821,164)
End of financial year	1,805,111	1,236,400
Aggregate costs incurred and profits recognised (less losses recognised) to date	161,068,695	62,272,980
Less: Progress billings	(130,390,707)	(50,657,092)
	30,677,988	11,615,888
Presented as:		
Due from customers on construction contracts (Note 6)	30,677,988	11,615,888
Retentions on construction contracts (Note 6)	1,373,438	5,141,321

8 Other current assets

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Deposits	120,767	227,058	2,786	–
Prepayments	384,793	313,438	24,258	27,817
	505,560	540,496	27,044	27,817

9 Investments in subsidiaries

	Company 2007 $	Company 2006 $
Equity investments at cost		
Beginning of financial year	14,199,986	14,089,986
Incorporation of new subsidiary	550,000	110,000
End of financial year	14,749,986	14,199,986
Less: Allowance for impairment	(273,892)	–
	14,476,094	14,199,986

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

9 Investments in subsidiaries (Cont'd...)

Details of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the company 2007	Effective equity held by the company 2006
#	Or Kim Peow Contractors (Pte) Ltd	Business of road and building construction and maintenance	Singapore	100%	100%
#	Eng Lam Contractors Co (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	100%
#	OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	100%
#	OKP Investments (China) Pte Ltd	Investment holding	Singapore	100%	100%
#	United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	55%	55%
#	OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	55%	–
@	OKP (CNMI) Corporation	Business of general construction	Saipan, Commonwealth of the Northern Mariana Islands	96%	96%

Audited by Nexia TS Public Accounting Corporation (formerly practicing as Nexia Tan & Sitoh).

@ Not required to be audited under the laws of the country of incorporation. However, the financial statements were audited by Nexia Tan & Sitoh for consolidation purposes.

10 Investment property

	Group 2007 $	Group 2006 $
Beginning of financial year	800,048	800,048
Net fair value gain recognised in the income statement (Note 20)	599,952	–
End of financial year	1,400,000	800,048

The following amounts are recognised in the income statement:

	2007 $	2006 $
Gross rental income (Note 20)	34,354	29,371
Direct operating expenses arising from investment property that generated rental income	(11,441)	(5,620)

Details of the investment property are as follows:

Description	Location	Built-in-area (in sq ft)	Tenure/ Unexpired term	Fair value 2007 $	Fair value 2006 $
Freehold property	No.190 Moulmein Rd #10-03, The Huntington, Singapore 308095	1,151	Freehold	1,400,000	800,048

The investment property is carried at fair value at the balance sheet date as determined by an independent professional valuer. Valuation is made annually based on the property's highest-and-best-use using the Direct Market Comparison Method.

The investment property is leased to third party under cancellable operating lease (Note 2.12).

The investment property is used as a security for credit facilities granted to the Company.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

11 Property, plant and equipment

	Freehold properties $	Plant and machinery $	Motor vehicle $	Office equipment $	Furniture and fittings $	Total $
Group						
2007						
Cost						
Beginning of financial year	3,040,982	10,099,176	5,231,247	566,285	522,169	19,459,859
Additions	–	3,294,664	1,469,883	3,829	–	4,768,376
Disposals	–	(304,562)	(199,570)	–	–	(504,132)
End of financial year	3,040,982	13,089,278	6,501,560	570,114	522,169	23,724,103
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	1,052,195	5,595,061	4,126,981	506,112	331,113	11,611,462
Depreciation charge	41,000	1,124,577	714,028	18,856	48,166	1,946,627
Disposals	–	(257,725)	(199,570)	–	–	(457,295)
End of financial year	1,093,195	6,461,913	4,641,439	524,968	379,279	13,100,794
Net book value at end of financial year	**1,947,787**	**6,627,365**	**1,860,121**	**45,146**	**142,890**	**10,623,309**
2006						
Cost						
Beginning of financial year	3,040,982	8,052,502	4,921,932	557,685	509,734	17,082,835
Additions	–	2,285,574	440,270	8,600	13,431	2,747,875
Disposals	–	(238,900)	(130,955)	–	(996)	(370,851)
End of financial year	3,040,982	10,099,176	5,231,247	566,285	522,169	19,459,859
Accumulated depreciation and accumulated impairment losses						
Beginning of financial year	981,795	4,987,923	3,679,499	476,622	278,488	10,404,327
Depreciation charge	46,450	831,338	568,094	29,490	53,621	1,528,993
Impairment losses	23,950	–	–	–	–	23,950
Disposals	–	(224,200)	(120,612)	–	(996)	(345,808)
End of financial year	1,052,195	5,595,061	4,126,981	506,112	331,113	11,611,462
Net book value at end of financial year	**1,988,787**	**4,504,115**	**1,104,266**	**60,173**	**191,056**	**7,848,397**

11 Property, plant and equipment (Cont'd…)

	Motor vehicle $	Office equipment $	Furniture & fittings $	Total $
Company				
2007				
Cost				
Beginning of financial year	82,500	8,600	6,007	97,107
Additions	–	2,286	–	2,286
End of financial year	82,500	10,886	6,007	99,393
Accumulated depreciation				
Beginning of financial year	82,500	860	1,588	84,948
Depreciation charge	–	1,089	601	1,690
End of financial year	82,500	1,949	2,189	86,638
Net book value at end of financial year	–	8,937	3,818	12,755
2006				
Cost				
Beginning of financial year	82,500	–	6,007	88,507
Additions	–	8,600	–	8,600
End of financial year	82,500	8,600	6,007	97,107
Accumulated depreciation				
Beginning of financial year	66,000	–	988	66,988
Depreciation charge	16,500	860	600	17,960
End of financial year	82,500	860	1,588	84,948
Net book value at end of financial year	–	7,740	4,419	12,159

(i) As at 31 December 2007, the details of the Group's freehold properties are as follows:

Freehold properties/ Location	Purpose	Approximate Built-in area (in square feet)	Net carrying value 2007 $	Net carrying value 2006 $
No. 6 Tagore Drive #B1-05 Tagore Building Singapore 787623	Office	2,486	918,787	938,787
No. 6 Tagore Drive #B1-06 Tagore Building Singapore 787623	Office	2,626	1,029,000	1,050,000

(ii) Included in additions in the consolidated financial statements are plant and machinery, and motor vehicles acquired under finance leases amounting to $2,057,058 (2006: $1,482,000) and $595,095 (2006: $136,300) respectively.

The carrying amount of plant and machinery, and motor vehicles held under finance leases are $4,626,720 (2006: $3,033,673) and $734,876 (2006: $635,295) respectively at the balance sheet date.

(iii) Bank borrowings are secured on freehold properties of the Group and the Company with carrying amounts of $1,029,000 (2006: $1,050,000).

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

12 Intangible asset

This represents goodwill on consolidation which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

	Group	
	2007	2006
	$	$
Goodwill arising on consolidation – cost		
Beginning and end of financial year	1,687,551	1,687,551

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segments.

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

	2007	2006
	$	$
Construction	1,417,525	1,417,525
Maintenance	270,026	270,026
	1,687,551	1,687,551

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rates did not exceed the long-term average growth rates for the business in which the CGU operates.

Key assumptions used for value-in-use calculations

	Construction	Maintenance
Gross margin	10% – 18%	5% – 9%
Growth rate	3% – 5%	2% – 3%
Discount rate	6%	6%

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market development. The average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

13 Trade and other payables

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Trade payables	23,422,489	12,861,180	250,697	54,040
Non-trade payables				
– Subsidiaries	–	–	1,318,131	1,318,131
– Minority shareholder of a subsidiary	380,353	256,434	–	–
	380,353	256,434	1,318,131	1,318,131
Accrued operating expenses	11,219,462	7,972,933	2,091,222	893,401
Other payables	76,100	77,642	–	–
	35,098,404	21,168,189	3,660,050	2,265,572

The non-trade amounts due to subsidiaries and minority shareholder of a subsidiary are unsecured, interest free and are repayable on demand.

14 Finance lease liabilities

The Group leases certain plant and machinery and motor vehicle from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal value at the end of the lease term

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
Minimum lease payment due:				
– Not later than one year	1,503,733	913,296	–	8,568
– Between one and five years	2,760,440	1,662,088	–	–
Less: Future finance charges	(469,965)	(271,166)	–	(962)
	3,794,208	2,304,218	–	7,606

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

	Group 2007 $	Group 2006 $	Company 2007 $	Company 2006 $
– Not later than one year	1,343,465	817,842	–	7,606
– Between one and five years	2,450,743	1,486,376	–	–
	3,794,208	2,304,218	–	7,606

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

15 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2007	2006
	$	$
Deferred income tax assets to be recovered within one year	(35,950)	(31,086)
Deferred income tax liabilities to be settled after one year	237,463	279,883
	201,513	248,797

Movement in deferred income tax account is as follows:

	Group	
	2007	2006
	$	$
Beginning of financial year	248,797	306,508
Tax credit to income statement	(47,284)	(57,711)
End of financial year	201,513	248,797

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

	Accelerated tax depreciation	Provisions and allowances	Total
	$	$	$
2007			
Beginning of financial year	305,921	(57,124)	248,797
Tax credit to income statement	(41,599)	(5,685)	(47,284)
End of financial year	264,322	(62,809)	201,513
2006			
Beginning of financial year	381,655	(75,147)	306,508
Tax (credit)/charge to income statement	(75,734)	18,023	(57,711)
End of financial year	305,921	(57,124)	248,797

16 Share capital

	← No. of ordinary shares →		← Amount			→
	Authorised share capital	Issued share capital	Authorised share capital $	Share capital $	Share premium $	Total share capital and share premium $
Group and Company						
2007						
Beginning of financial year	–	136,260,940	–	14,955,415	–	14,955,415
Share issue	–	13,600,000	–	2,287,656	–	2,287,656
End of financial year	–	149,860,940	–	17,243,071	–	17,243,071
2006						
Beginning of financial year	500,000,000	136,260,940	50,000,000	13,626,094	1,329,321	14,955,415
Effect of Singapore Companies (Amendment) Act 2005	(500,000,000)	–	(50,000,000)	1,329,321	(1,329,321)	–
End of financial year	–	136,260,940	–	14,955,415	–	14,955,415

Under the Singapore Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital were abolished and the amount in the share premium account as at 30 January 2006 became part of the Company's share capital.

All issued ordinary shares are fully paid.

On 7 February 2007, the Company issued and allotted 13,600,000 new ordinary shares for a total consideration of $2,287,656 for cash pursuant to the Placement Agreement dated 24 January 2007. The newly issued shares rank *pari passu* in all respects with the previously issued shares.

17 Retained earnings

(a) Retained earnings of the Group and the Company are distributable.

(b) Movements in retained earnings for the Company is as follows:

	Company	
	2007 **$**	**2006** **$**
Beginning of financial year	3,359,364	1,338,414
Net profit	2,260,114	2,020,950
Dividends paid (Note 26)	(2,247,914)	–
End of financial year	3,371,564	3,359,364

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

18 Revenue

	Group	
	2007	2006
	$	$
Revenue from construction	104,687,066	53,435,625
Revenue from maintenance	19,973,004	19,830,989
	124,660,070	73,266,614

19 Cost of works

Included in the cost of works are the following:

	Group	
	2007	2006
	$	$
Depreciation of property, plant and equipment	1,674,097	1,223,755
Employee compensation costs		
– Salaries and bonuses	7,252,422	10,461,013
– Employer's contribution to defined contribution plans including Central Provident Fund	375,534	630,575

20 Other income

	Group	
	2007	2006
	$	$
Rental income from an investment property (Note 10)	34,354	29,371
Gain on disposal of property, plant and equipment	162,916	64,087
Net fair value gain on investment property (Note 10)	599,952	–
Interest income from bank deposits	353,753	233,933
Rental income of machinery	195,100	79,179
Other	174,132	153,841
	1,520,207	560,411

21 Finance expenses

	Group	
	2007	2006
	$	$
Interest expense		
– Banks	–	5,382
– Finance lease liabilities	136,672	99,659
	136,672	105,041

22 Employee compensation

	Group 2007 $	Group 2006 $
Salaries and bonuses	11,611,709	11,202,209
Employer's contribution to defined contribution plans including Central Provident Fund	534,942	367,792
	12,146,651	11,570,001

23 Expenses by nature

	Group 2007 $	Group 2006 $
Purchase of materials	27,875,471	16,475,782
Sub-contractor's cost	53,980,523	25,123,311
Depreciation and impairment	1,946,627	1,233,029
Employees compensation (Note 22)	12,146,651	11,570,001
Professional fees	3,039,490	1,561,965
Property tax	19,402	15,042
Worksite expenses	913,006	730,458
Rental charges	1,931,189	1,269,063
Finance	136,672	105,041
Other expenses	9,938,174	10,283,450
	111,927,205	68,367,142

24 Income taxes

Income tax expense

	Group 2007 $	Group 2006 $
Profit from current financial year:		
– Current income tax		
– Singapore	2,879,200	1,187,800
– Foreign	380,993	297,000
	3,260,193	1,484,800
– Deferred income tax (Note 15)	(47,284)	(57,711)
	3,212,909	1,427,089
Over provision of current income tax in prior financial years:	(96,906)	(132,523)
	3,116,003	1,294,566

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

24 Income taxes (Cont'd...)

Income tax expense (Cont'd...)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax is as explained below:

	Group	
	2007	2006
	$	$
Profit before income tax	14,116,400	5,354,842
Tax calculated at a tax rate of 18% (2006: 20%)	2,540,952	1,070,968
Effects of:		
– income not subject to taxation	(762,670)	(351,356)
– expenses not deductible for tax purposes	1,170,105	445,157
– tax incentives	(576)	(2,648)
– tax exemption	(115,895)	(32,032)
– withholding tax	380,993	297,000
	3,212,909	1,427,089

On 15 February 2007, the Singapore Second Minister for Finance announced a reduction in the corporate tax rate from 20% to 18% and various tax incentives for the year of assessment 2008 and onwards.

25 Earnings per share

	Group			
	2007		2006	
	Basic	Diluted	Basic	Diluted
Net profit attributable to shareholders	$10,921,496	$10,921,496	$4,148,046	4,148,046
Weighted average number of shares used to compute earnings per share	148,445,050	148,445,050	136,260,940	136,260,940
Earning per share (cents)	7.36	7.36	3.04	3.04

26 Dividends

	Company/Group	
	2007	2006
	$	$
Ordinary dividends paid		
First and final one-tier tax exempt dividend paid in respect of the previous financial year of 1.5 cents (2006: Nil) per share	2,247,914	–

At the Annual General Meeting on 21 April 2008, a final exempt (one-tier) dividend of 2.0 cents per share amounting to a total of $2,997,219 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

27 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(i) Services rendered

	Group 2007 $	Group 2006 $
Professional fees paid to Niru & Co	1,500	11,750

Mr Nirumalan s/o Kanapathi Pillay, who is a director of the Company, is the managing partner of Niru & Co (N&C). The professional fee paid to N&C is according to prevailing market rates as compared to other legal firms providing similar services.

(ii) Key management personnel compensation

Key management personnel compensation is as follows:

	Group 2007 $	Group 2006 $
Wages and salaries	3,359,909	2,205,897
Employer's contribution to defined contribution plans including Central Provident Fund	72,920	54,019
	3,432,829	2,259,916

Included in the above is total compensation to directors of the Company amounting to $3,033,523 (2006: $1,929,138)

28 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (interest rate risk and currency risk), credit risk, and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The policies for managing these risks are summarised below.

(i) Market risk

(a) Currency risk

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

The Group is also exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Saipan, Commonwealth of the Northern Mariana Islands is not significant to the Group.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

28 Financial risk management (Cont'd...)

(i) Market risk (Cont'd...)

(a) *Currency risk* (Cont'd...)

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

	SGD $	USD $	Total $
At 31 December 2007			
Financial assets			
Cash and cash equivalents	21,903,233	2,958,829	24,862,062
Trade and other receivables excluding amount due from construction contracts	3,252,626	741,987	3,994,613
	25,155,857	3,700,816	28,856,675
Financial liabilities			
Financial lease liabilities	3,794,208	–	3,794,208
Other financial liabilities	34,520,814	577,590	35,098,404
	38,315,022	577,590	38,892,612
Net financial (liabilities)/assets	(13,159,163)	3,123,226	(10,035,937)
less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	13,190,392	(1,067,197)	12,123,195
Add: Net non-financial assets of foreign subsidiaries	–	95,113	95,113
Currency exposure	31,229	2,151,142	2,182,371
At 31 December 2006			
Financial assets			
Cash and cash equivalents	12,109,617	2,546,426	14,656,043
Trade and other receivables excluding amount due from construction contracts	4,361,650	–	4,361,650
	16,471,267	2,546,426	19,017,693
Financial liabilities			
Financial lease liabilities	2,304,218	–	2,304,218
Other financial liabilities	20,130,584	1,037,605	21,168,189
	22,434,802	1,037,605	23,472,407
Net financial (liabilities)/assets	(5,963,535)	1,508,821	(4,454,714)
less: Net financial liabilities denominated in the respective entities functional currencies	6,116,605	5,192	6,171,797
Add: Net non-financial assets of foreign subsidiaries	–	242,830	242,830
Currency exposure	203,070	1,756,843	1,959,913

28 Financial risk management (Cont'd...)

(i) Market risk (Cont'd...)

(a) Currency risk (Cont'd...)

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

	2007			2006		
	SGD	USD	Total	SGD	USD	Total
Financial assets						
Cash and cash equivalents	1,984,681	715,048	2,699,729	256,449	726,033	982,482
Trade and other receivables	7,441,165	–	7,441,165	5,376,261	–	5,376,261
	9,425,846	715,048	10,140,894	5,632,710	726,033	6,358,743
Financial liabilities						
Financial lease liabilities	–	–	–	7,606	–	7,606
Other financial liabilities	3,660,050	–	3,660,050	2,265,572	–	2,265,572
	3,660,050	–	3,660,050	2,273,178	–	2,273,178
Currency exposure	5,765,796	715,048	6,480,844	3,359,532	726,033	4,085,565

If the USD has strengthened/weakened by 2% (2006: 2%) against the SGD with all other variables including tax rate being held constant, the impact to the equity and net profit of the Group and the Company arising from currency translation gains/losses to the remaining USD - denominated financial instruments will not be significant.

(b) Cash flow and fair value Interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and prompt payments.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Managing Director based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Group Managing Director. The Group's and Company's trade receivables comprise 4 customers (2006: 2 customers) and 2 customers (2006: 3 customers) respectively that individually represented more than 10% of trade receivables.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

28 Financial risk management (Cont'd...)

(ii) Credit risk (Cont'd...)

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

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
By geographical areas				
Singapore	3,194,926	4,156,826	7,500,960	3,416,150
Outside Singapore	692,469	–	–	448,000
	3,887,395	4,156,826	7,500,960	3,864,150
By types of customers				
Non-related parties				
– Government bodies	2,142,363	895,253	–	–
– Non-government bodies	1,271,251	3,261,573	–	–
Minority shareholder of a subsidiary	473,781	–	–	–
Subsidiaries	–	–	7,500,960	3,864,150
	3,887,395	4,156,826	7,500,960	3,864,150

(a) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

There were no trade receivables past due or impaired that were re-negotiated during the financial year.

(b) *Financial assets that are past due and/or impaired*

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Past due 0 to 3 months	1,112,522	3,094,275	–	–
Past due 3 to 6 months	853,466	30,750	–	628,900
Past due over 6 months	81,049	67,385	–	177,000

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2007	2006	2007	2006
	$	$	$	$
Gross amount	460,546	–	543,720	–
Less: Allowance for impairment	(460,546)	–	(543,720)	–
	–	–	–	–
Beginning of financial year	–	–	–	–
allowance made	460,546	–	543,720	–
end of financial year	460,546	–	543,720	–

The impaired trade receivables arise mainly from construction contracts customers and advances to subsidiaries which have suffered significant losses in its operations and ceased their operations.

28 Financial risk management (Cont'd...)

(iii) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $
Group			
At 31 December 2007			
Trade and other payables	35,098,404	–	–
Finance lease liabilities	1,343,466	1,669,520	781,222
	36,441,870	1,669,520	781,222
At 31 December 2006			
Trade and other payables	21,168,189	–	–
Finance lease liabilities	817,838	1,223,001	263,379
	21,986,027	1,223,001	263,379
Company			
At 31 December 2007			
Trade and other payables	3,660,050	–	–
At 31 December 2006			
Trade and other payables	2,265,572	–	–
Finance lease liabilities	7,606	7,606	–
	2,273,178	7,606	–

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

(iv) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group's and Company's strategies in monitoring their capital, which were unchanged from 2006, are to maintain gearing ratios within 25% to 30% and 4% to 10% respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2007 $	2006 $	2007 $	2006 $
Net debt	14,030,547	8,816,364	960,321	1,290,696
Total equity	34,171,584	22,681,441	20,614,635	18,314,777
Total capital	48,202,131	31,497,805	21,574,956	19,605,473
Gearing ratio	29%	28%	4%	7%

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

29 Segment information

The Group is primarily engaged in two business segments, namely 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

Construction – It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings, airports infrastructure, and oil and gas-related infrastructure for petrochemical plants and oil storage terminals.

Maintenance – It relates to re-construction work performed on roads, road reserves, pavements, footpaths and kerbs, guardrails, drains, signboards as well as bus bays and shelters.

	Primary Reporting – Business Segment					
	31 December 2007			31 December 2006		
	Construction $'000	Maintenance $'000	Total $'000	Construction $'000	Maintenance $'000	Total $'000
Group						
Revenue and expenses						
– External revenue	104,687	19,973	124,660	53,437	19,831	73,267
– Inter-segment revenue	6,852	–	6,852	(132)	417	286
	111,539	19,973	131,512	53,305	20,248	73,553
Elimination			(6,852)			(286)
			124,660			73,267
Segment result	20,407	1,438	21,845	9,600	846	10,446
Other income			1,520			560
Other losses-net			(226)			(105)
Unallocated costs			(8,886)			(5,441)
			14,253			5,460
Finance expense			(137)			(105)
Profit before income tax			14,116			5,355
Income tax expense			(3,116)			(1,295)
Net profit			11,000			4,060
Segment assets	32,026	5,639	37,665	17,478	4,673	22,151
Unallocated assets	–	–	39,265	–	–	25,737
Consolidated total assets	32,026	5,639	76,930	17,478	4,673	47,888
Segment liabilities	23,891	7,777	31,668	14,064	5,352	19,416
Unallocated liabilities	–	–	11,090	–	–	5,790
Consolidated total liabilities	23,891	7,777	42,758	14,064	5,352	25,206

Inter-segment transactions are recorded at their transacted price which is generally at fair value. Unallocated costs represent corporate expenses. Segment assets consist primarily of intangible assets, construction contracts work-in-progress and receivables. Segment liabilities comprise payables exclude income tax liabilities and finance lease liabilities.

29 Segment information (Cont'd...)

(b) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on locations of customers. Segment assets are shown by the geographical area where the assets are located.

	Secondary Reporting – Geographical Segment					
	31 December 2007			31 December 2006		
	Singapore $'000	Outside Singapore $'000	Group $'000	Singapore $'000	Outside Singapore $'000	Group $'000
Revenue and expenses						
External revenue	121,650	3,010	124,660	62,396	10,871	73,267
Inter-segment revenue	6,852	–	6,852	286	–	286
Total revenue	128,502	3,010	131,512			73,553
Elimination			(6,852)			(6,852)
			124,660			73,267
Other Information						
Capital expenditure						
– Property, plant and equipment	4,767	1	4,768	2,736	12	2,748
Depreciation	1,918	29	1,947	1,500	29	1,529
Segment assets	75,495	1,435	76,930	44,106	3,782	47,888
Unallocated assets	–	–	–	–	–	–
Consolidated assets	75,495	1,435	76,930	44,106	3,782	47,888
Segment liabilities	34,221	877	35,098	20,130	1,038	21,168
Unallocated liabilities	–	–	7,660	–	–	4,038
Consolidated total liabilities	34,221	877	42,758	20,130	1,038	25,206

30 Contingent liabilities

Litigation

One of its subsidiaries is currently engaged in certain legal proceedings with third parties who are alleging certain breaches of contract and/or related tort claims. The information usually required by FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the proceedings.

The subsidiary has been advised by its legal counsel that the claims made in the aforesaid proceedings are without merit. As such, the Company does not consider the proceedings to be significant and it is unlikely that any significant liability will arise there from.

As these proceedings are pending trial, it is practicable to state the timing and amount of any possible outflow. The directors of the Company are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

> NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

31 New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) INT FRS 111 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007).

The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

(b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

(c) Revised FRS 23 Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

> STATISTICS OF SHAREHOLDINGS
AS AT 7 MARCH 2008

Issued and fully paid-up capital	:	$17,243,071
Number of Shares	:	149,860,940
Class of Shares	:	Ordinary share
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of sharesholders	%	No. of shares	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	1,613	67.04	9,786,000	6.53
10,001 – 1,000,000	782	32.50	36,869,000	24.60
1,000,001 and above	11	0.46	103,205,940	68.87
Total	2,406	100.00	149,860,940	100.00

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 7 March 2008)

		Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte Ltd		89,901,940	59.99	–	–
Or Kim Peow	(a)	2,430,000	1.62	89,901,940	59.99

(a) Mr Or Kim Peow's deemed interests refer to the 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	59.99
2	Or Kim Peow	2,430,000	1.62
3	Lee Choon Siang	1,357,000	0.91
4	Oh Kim Poy	1,273,000	0.85
5	Ang Beng Tin	1,239,000	0.83
6	Or Kiam Meng	1,238,000	0.83
7	Or Lay Huat Daniel	1,238,000	0.83
8	Or Toh Wat	1,238,000	0.83
9	UOB Kay Hian Pte Ltd	1,196,000	0.80
10	DBS Nominees Pte Ltd	1,054,000	0.70
11	OCBC Securities Private Ltd	1,041,000	0.69
12	United Overseas Bank Nominees (Pte) Ltd	969,000	0.65
13	Kim Eng Securities Pte. Ltd.	945,000	0.63
14	Phillip Securities Pte Ltd	840,000	0.56
15	Or Lay Tin	828,300	0.55
16	Or Lay Hong	809,400	0.54
17	Lim Bee Kim	800,000	0.53
18	Or Lay Wah Elaine	583,300	0.39
19	CIMB-GK Securities Pte. Ltd.	510,000	0.34
20	OCBC Nominees Singapore Pte Ltd	464,000	0.31
	Total	109,954,940	73.38

RULE 723 OF THE SGX LISTING MANUAL – FREE FLOAT

As at 7 March 2008, there were 47,934,000 shares in the hands of the public as defined in the SGX Listing Manual, representing 31.99% 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

OKP HOLDINGS LIMITED

(Company Registration No. 200201165G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of OKP HOLDINGS LIMITED will be held at No. 6 Tagore Drive, #01-06 Tagore Building, Singapore 787623, on Monday, 21 April 2008, at 11.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors, and the Statement of Directors thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 2 cents per ordinary share for the financial year ended 31 December 2007. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 107 of the Company's Articles of Association:-

   Mr Or Kiam Meng **(Resolution 3)**
   Dr Chen Seow Phun, John **(Resolution 4)**

   Dr Chen Seow Phun, John, will upon re-election 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.

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, 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 $120,000 for the financial year ended 31 December 2007. **(Resolution 7)**

6. To appoint Nexia TS Public Accounting Corporation, in place of Nexia Tan & Sitoh, as the Company's Independent Auditor and to authorise the Directors to fix their remuneration [See Explanatory Note (ii)] **(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:-

"Authority to allot and issue shares up to 50% of issued share captial

That pursuant to Section 161 of the Companies Act, Cap. 50, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with subparagraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this authority is given, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is given; and

(ii) any subsequent consolidation or sub-division of shares;

(3) in exercising the authority conferred by this authority, the Directors shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law and the Listing Manual to be held, whichever is the earlier.".
[see Explanatory Note (iii)] **(Resolution 9)**

BY ORDER OF THE BOARD

SELLAKUMARAN S/O SELLAMUTHOO
Company Secretary
Singapore
4 April 2008

> NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 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) Nexia Tan & Sitoh has corporatised its practice and will be practicing as Nexia TS Public Accounting Corporation. All businesses under Nexia Tan & Sitoh will be transferred to Nexia TS Public Accounting Corporation. It is proposed that Nexia TS Public Accounting Corporation be appointed as Independent Auditor in place of Nexia tan & Sitoh.

(iii) Ordinary Resolution 9 above, if passed, will empower the Directors from the date of the above meeting until the date of the next Annual General Meeting, to issue shares and convertible securities in the Company up to the amount not exceeding 50% of the issued shares in the capital of the Company (excluding treasury shares), of which up to 20% (excluding treasury shares) may be issued other than on a pro-rata basis.

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 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 16 May 2008 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 3 Church Street, #18-01, Samsung Hub, Singapore 049483, up to 5.00 p.m. on 15 May 2008 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 15 May 2008 will be entitled to the proposed dividend.

Payment of the dividend, if approved by shareholders at the Annual General Meeting to be held on 21 April 2008, will be made on 28 May 2008.

BY ORDER OF THE BOARD

SELLAKUMARAN S/O SELLAMUTHOO
Company Secretary
4 April 2008

OKP HOLDINGS LIMITED

(Company Registration No. 200201165G)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of OKP Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

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 Monday, 21 April 2008, at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given 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	Audited Accounts for the financial year ended 31 December 2007		
2	Payment of proposed first and final one-tier tax exempt dividend		
3	Re-election of Mr Or Kiam Meng as a Director		
4	Re-election of Dr Chen Seow Phun, John, as a Director		
5	Re-appointment of Mr Or Kim Peow as a Director		
6	Re-appointment of Mr Tan Boen Eng as a Director		
7	Approval of Directors' fees amounting to $120,000		
8	Appointment of Nexia TS Public Accounting Corporation, in place of Nexia Tan & Sitoh, as the Company's Independent Auditor		
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 ____________________ , 2008.

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 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 duly stamped and deposited 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.

FIRST
& PREFERRED

OKP HOLDINGS LIMITED
Co Reg No: 200201165G

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