OKP HOLDINGS LIMITED
胡金標控股有限公司

PERFECTING OUR MOVES GROWING OUR FUTURE

ANNUAL REPORT 2010

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.

CONTENTS

Our Theme

PERFECTING OUR MOVES, GROWING OUR FUTURE

This year, we derive the theme of our Annual Report from Chinese Chess, or 象棋*(xiangqi)*, a board game that originated from China. This two-player game which represents a battle between two armies is a popular board game in China and other parts of Asia.

How this board game is won has much to do with how each player assesses the value of each of his pieces and moves each piece strategically, pre-empting his opponent at every juncture. This chess game depicts figuratively what we at OKP do on various levels.

Over the years, individually and corporately, as we grew and evolved, we have taken decisions in measured fashion – on a daily basis as we meet operational challenges and on a strategic and corporate level as we appraise our competitive landscape and take decisions that could influence the growth and direction of our company. While one might place greater weight on the strategic and higher-level thought, operational challenges met daily are no less important.

Each Chinese Chess piece has its role and value. The Chariot, the Horse, the Minister, the Guard, the Cannon and the Pawn each possesses strengths and weaknesses, but nonetheless each has a role to play in the game. All must move according to the strategic game plan of the player, ensuring that each move is perfect, leading to a final win. Similarly, our management reviews every step and turn in a considered fashion, bearing in mind the overall landscape as well as practical and competitive constraints, before making each decisive, winning move.

Just as 象棋*(xiangqi)* appears simple enough but becomes confusing and difficult in actual play, it is so too in the corporate world. Unless the player possesses clarity of vision and an ability to read and pre-empt his opponent's next move, he is unlikely to come up with a winning game plan.

Devising strategies in chess often has to do with knowing the current game phase, and a player must know what kind of moves will bring him victory. Being aware of the game transitions allows players to make the necessary decisions such as knowing when to expose his high-value pieces, when to attack, which pieces to sacrifice, and so on. These reflect the workings and activities that we engage in as a corporation.

Ultimately, our goal is to ensure that each move is perfected as we look towards growing our future.

Our Corporate Profile

OKP is involved in the widening of Central Expressway from Pan Island Expressway to Braddell Interchange.

OKP Holdings Limited ("OKP") is a leading home-grown infrastructure and civil engineering company, specialising in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil & 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 as well as contracts for maintenance of roads and road-related facilities and building construction-related works.

Since 2006, the Group has forged a presence in the Oil & Gas sector. Since then, we have completed a project relating to the $750 million Universal Terminal, a massive petroleum storage facility on Jurong Island, Singapore's oil refining and petrochemical hub, and gone on to secure a number of other projects, including civil works relating to ExxonMobil's multi-billion dollar petrochemical project, known as the Second Petrochemical Complex. The Group had also recently secured a $1.1 million contract for land reclamation works on Jurong Island, making further headway into the Oil & Gas sector.

OKP's clients include various public sector agencies such as Civil Aviation Authority of Singapore, Housing & Development Board, Jurong Town Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority as well as private sector organisations like Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd, Far East Organisation and Angullia Development Pte. Ltd..

In 2009, we secured our single largest public sector project in our 44-year history, a $119.3 million contract from the Land Transport Authority to widen the portion of Central Expressway from Pan Island Expressway to Braddell Interchange.

In a strategic move to expand the global arm of our business, our wholly-owned subsidiary, OKP Technical Management Pte. Ltd., entered into a joint venture agreement with CIF Singapore Pte. Ltd., a subsidiary of China Sonangol International (S) Pte. Ltd.. Earlier, OKP had allotted and issued 15 million new ordinary shares to China Sonangol International (S) Pte. Ltd., a subsidiary of China Sonangol International Limited which is an overseas conglomerate engaged in oil, gas and minerals investments and explorations, crude oil supply and national infrastructure construction projects.

In September 2010, OKP made Forbes Asia's 'Best Under A Billion' List, the magazine's annual ranking of the best 200 firms in the Asia Pacific region, chosen from a list of close to 13,000 publicly listed, top-performing companies assessed based on sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year.

In December 2010, our wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, entered into a joint venture agreement with Soil-Build (Pte) Ltd, a wholly-owned subsidiary of Soilbuild Group Holdings Ltd, a well-respected property developer in Singapore pursuant to which Forte Builder Pte. Ltd. was incorporated. In the same month, Forte Builder Pte. Ltd. secured a $83.5 million contract from Angullia Development Pte. Ltd. to undertake the construction of luxury Angullia Park condominium in Orchard Road.

OKP has been listed on the Stock Exchange of Singapore Dealing and Automated Quotation System ("SESDAQ"), now renamed Catalist, since 26 July 2002. Our listing was upgraded from the Catalist to the SGX Mainboard with effect from 25 July 2008.

Our current market capitalisation is $151.5 million (2009: $118.7 million) while total assets are $153.1 million (2009: $122.4 million) as at 31 December 2010.

Our 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

LEAD INDEPENDENT DIRECTOR
Dr Chen Seow Phun, John

INDEPENDENT DIRECTOR
Mr Nirumalan s/o V Kanapathi Pillai

INDEPENDENT DIRECTOR
Mr Tan Boen Eng

AUDIT COMMITTEE

CHAIRMAN
Dr Chen Seow Phun, John

MEMBERS
Mr Nirumalan s/o V Kanapathi Pillai
Mr Tan Boen Eng

NOMINATING COMMITTEE

CHAIRMAN
Mr Tan Boen Eng

MEMBERS
Dr Chen Seow Phun, John
Mr Nirumalan s/o V Kanapathi Pillai

REMUNERATION COMMITTEE

CHAIRMAN
Mr Nirumalan s/o V Kanapathi Pillai

MEMBERS
Dr Chen Seow Phun, John
Mr Tan Boen Eng

COMPANY SECRETARY

Mr Vincent Lim Bock Hui LL.B (Hons)

REGISTERED OFFICE

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

DATE OF INCORPORATION

15 February 2002

SHARE REGISTRAR AND WARRANT AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

SHARE LISTING

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

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
5 Shenton Way
#16-00 UIC Building
Singapore 068808
Tel: (65) 6534 5700
Fax: (65) 6534 5766
Audit Partner: Ms Kristin YS Kim
Financial year appointed: 31 December 2007

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#06-00 OCBC Centre East
Singapore 049514
Tel: (65) 6530 6608
Fax: (65) 6532 7442

Malayan Banking Berhad
Maybank Tower
2 Battery Road
Singapore 049907
Tel: (65) 6550 7409
Fax: (65) 6535 6155

DBS Bank Ltd
6 Shenton Way
#32-02
DBS Building Tower One
Singapore 068809
Tel: (65) 6878 8704
Fax: (65) 6878 1797

United Overseas Bank Limited
80 Raffles Place
#11-00 UOB Plaza 1
Singapore 048624
Tel: (65) 6539 5671
Fax: (65) 6535 1362

Citibank, N.A., Singapore Branch
3 Temasek Avenue
#10-01 Centennial Tower
Singapore 039190
Tel: (65) 6328 5875
Fax: (65) 6328 5887

INVESTOR RELATIONS

For enquires, please contact the Investor Relations Department:
Tel: (65) 6456 7667
Fax: (65) 6453 7667
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STOCK DATA

Stock Code:	OKP SP (Bloomberg)
	OKPH.SI (Reuters)
	5CF (SGX)
ISIN Code:	SG1M55904841
Sector:	Construction

Our Guiding Principles

TO OUR CLIENTS,
We are committed to providing them with a superior service that meets their time schedule, exceeds their expectations in quality, reliability and safety and that is within their budget.

TO OUR EMPLOYEES,
We are committed to providing them with a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

TO OUR SUPPLIERS,
We are committed to developing and strengthening relationships with them, recognising them as valued contributors/partners to our business, and we as their first and preferred customer.

TO OUR SHAREHOLDERS,
We are committed to maximising their return on investment while maintaining excellence in our products and services.

Our Three-Pronged Strategy

Three-Pronged Strategy

STAYING FOCUSED ON CORE COMPETENCIES

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

GROWING OUR PRESENCE IN THE OIL & GAS SECTOR

To spread risk, we will actively grow our niche in the oil & gas sector in order to grow our earnings base, and to ensure that we do not become overly-dependent on a single revenue source.

EXPLORING OVERSEAS OPPORTUNITIES

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

NURTURING TALENT MAXIMISING POTENTIAL

HUMAN CAPITAL REMAINS OUR GREATEST ASSET, AND IT IS THE DEDICATED EFFORTS OF OUR MANAGEMENT AND STAFF THAT CULTIVATE OUR GROWING SUCCESS. MOVING FORWARD, WE WILL SEEK TO NURTURE NEW TALENT AND GUIDE THEM TOWARDS REALISING THEIR POTENTIAL, WHICH WILL IN TURN PROPEL US TO GREATER HEIGHTS.

Our Milestones

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

Our Executive Director, Mr Or Lay Huat Daniel (right), and Mr Lim Chee Onn. OKP won two awards at the Singapore Corporate Awards 2009, namely Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) for 2008.

2010

- Wholly-owned subsidiary Or Kim Peow Contractors (Pte) Ltd signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd, a wholly-owned subsidiary of Soilbuild Group Holdings Ltd, a well-respected property developer in Singapore. The new joint venture company, Forte Builder Pte. Ltd., secured a $83.5 million contract from Angullia Development Pte. Ltd. to undertake the construction of luxury Angullia Park condominium in Orchard Road
- Made Forbes Asia's *'Best Under A Billion'* List, the magazine's annual ranking of the best 200 firms in the Asia Pacific region, selected from a list of nearly 13,000 publicly listed, top-performing companies evaluated based on sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year
- Won the Best Annual Report Award (Gold) in the "Companies with less than $300 million in market capitalisation" category at the Singapore Corporate Awards
- Wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, purchased a property at 2A Sungei Kadut Drive for $3.55 million to provide for continued growth in staff numbers and future expansion plans of the Company
- Received Certificate of Achievement from DP Information Group, marking its entry into the "Singapore 1000 Company" list under the "Public Listed Companies 2010" category
- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd, received a Certificate of Excellence from the Land Transport Authority at its Annual Safety Award 2010. The award in the "Major Category (Civil Contracts between $20 million and $50 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER194

2009

- Secured our largest public sector project to date – $119.3 million contract from the Land Transport Authority ("LTA") to widen the stretch of Central Expressway ("CTE") from Pan Island Expressway ("PIE") to Braddell Interchange
- Allotted and issued 15 million new ordinary shares at the price of $0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary of China Sonangol International Limited which is an overseas conglomerate engaged in oil, gas and minerals investments and explorations, crude oil supply and national infrastructure construction projects
- Won two awards at the Singapore Corporate Awards 2009, namely, Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) for 2008
- Awarded Certificate of Achievement by DP Information Group in recognition of OKP's achievement in entering the 22nd "Singapore 1000 & SME 500" rankings
- Secured our maiden contract from the Urban Redevelopment Authority – a $3.4 million deal for environmental improvement works
- Wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, was presented the Meritorious Defence Partner Award at the Total Defence Awards 2009
- Wholly-owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd, was upgraded to an A2 grade civil engineering contractor under the BCA Contractors' Registry System which allows the company to tender for public sector construction projects with contract values of up to $85 million
- Wholly-owned subsidiary, OKP Technical Management Pte. Ltd., entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd., a subsidiary of China Sonangol International (S) Pte. Ltd., to further grow the external wing of our business
- Bonus issue of 82,430,468 new ordinary shares on the basis of 1 new share for every 2 existing shares held and a Rights Issue of Warrants on the basis of 1 warrant for every 4 existing ordinary shares held by entitled shareholders. Each warrant was issued at a consideration of 1 cent, with an exercise price of 20 cents and an exercise period of 3 years
- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd, received a Certificate of Excellence from the Land Transport Authority at its Annual Safety Award 2009. The award in the "Minor Category (Civil Contracts less than $20 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER213

2008

- OKP was the Silver Winner for Best Investor Relations Award – Small Market Capitalisation Category, at the Singapore Corporate Awards 2008
- OKP was the first to be awarded a road-widening contract in relation to the Government's plan for the upgrading and improvement of the Central Expressway ("CTE"). The contract, worth $16.9 million, was to widen the stretch of the CTE between Ang Mo Kio Avenue 1 and Ang Mo Kio Avenue 3
- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd, was upgraded to an A1 grade civil engineering contractor under the Contractors Registration System regulated by the BCA, allowing it to tender for public sector construction projects of unlimited value
- Upgraded our listing from the Catalist to the SGX Mainboard with effect from 25 July 2008
- Wholly-owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd, received the Meritorious Defence Partner Award at the Total Defence Awards 2008
- Successfully completed two projects from the Land Transport Authority to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race which took place in September 2008
- Successfully completed our first and largest oil & gas-related project, which is related to the $750 million Universal Terminal, a massive petroleum storage facility
- Successfully completed another oil & gas-related project in Jurong Island
- Received Certificate of Achievement from DP Information Group for making the "Singapore 1000 Company" list

The groundbreaking ceremony for the construction of the luxury condominium at 21 Angulia Park took place in January 2011. OKP is in a 50-50 joint venture with Soil-Build (Pte) Ltd to undertake construction work for this project.

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

Our Milestones *(CONT'D)*

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 hefty $44 million civil engineering deal from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd
- Secured two awards totalling $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
- Received the Contractor of the Month Award for October and November 2007 from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd
- Successfully completed our first overseas project in Rota
- OKP (Oil & Gas) Infrastructure Pte Ltd took off, securing a total of three projects on Jurong Island worth a total of $11.1 million
- Received Certificate of Achievement from DP Information Group on entering the “Singapore 1000 Company” list under the “Public Listed Company – 2007” category

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 the Oil & 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 Jurong Island
- Won the Best Annual Report Award (Gold) 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
- Wholly-owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd, was the 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 from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd
- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the Land Transport Authority at its Annual Safety Award 2006 for contract PE100

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

2004

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

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

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

Our Executive Director, Mr Oh Enc Nam, and Senior Minister of State for National Development Ms Grace Fu Hai Yien. OKP's commitment to safety saw it receiving the Housing & Development Board Safety Award in 2006.

Our Awards And Accolades

Company Ranking

2010

- Made Forbes Asia’s *‘Best Under A Billion’* List, the magazine’s annual ranking of the best 200 firms in the Asia Pacific region, selected from a list of nearly 13,000 publicly-listed top performers with sales under US$1 billion evaluated based factors such as sales and earnings growth, and shareholders’ return on equity over a three-year period and the past one year.
- Received Certificate of Achievement from DP Information Group, marking its entry into the “Singapore 1000 Company” list under the “Public Listed Companies 2010” category.

2009

- OKP Holdings Limited and wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, were awarded the Certificate of Achievement by DP Information Group for making the “Singapore 1000 Company” list.

2008

- Received Certificate of Achievement from DP Information Group for making the “Singapore 1000 Company” list.

2007

- Received Certificate of Achievement from DP Information Group on entering the “Singapore 1000 Company” list under the “Public Listed Company – 2007” category.

Investor Relations

2010

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

2009

- Bagged two awards – Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) at SCA 2009.

2008

- Silver winner for Best Investor Relations Award at SCA 2008.

2006

- Best Annual Report Award (Gold) at the Inaugural SCA 2006 for excellent standards of corporate disclosure.

2004

- Second runner-up at 30th Annual Report Awards.

Safety

2010

- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd, received a Certificate of Excellence from the Land Transport Authority at its Annual Safety Award 2010. The award in the “Major Category (Civil Contracts between $20 million and $50 million)” for Contract ER194.

2009

- Wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, was awarded a Certificate of Excellence by Land Transport Authority at its Annual Safety Award 2009 in the “Civil Contracts less than $20 million” category.

2006

- Wholly owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd, was the winner of the Housing & Development Board Safety Award 2006.
- One of our subsidiaries, Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the Land Transport Authority at its Annual Safety Award 2006 for Contract PE100.

Defence

2009

- Wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, was presented the Meritorious Defence Partner Award at the Total Defence Awards 2009 in recognition of its support and contribution to Total Defence.

2008

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

STAYING FOCUSED ENHANCING GROWTH

OKP WAS FOUNDED ON THE PRINCIPLES OF QUALITY AND EXCELLENCE, KEY VALUES THAT WE SEEK TO UPHOLD ACROSS OUR BUSINESS OPERATIONS EACH DAY. EVEN AS WE ADAPT TO CHANGING MARKET DEVELOPMENTS AND BURGEONING TRENDS, WE REMAIN GROUNDED ON THESE CORE VALUES THAT WILL SURELY INSPIRE AND SHAPE OUR FUTURE.

Chairman's Statement

DEAR
SHAREHOLDERS,

Overall, 2010 has been an interesting and exciting year for OKP. Quarter after quarter, we have worked hard and I am extremely pleased that we have delivered a solid set of results and turned in an impressive financial performance for the year ended 31 December 2010.

FINANCIAL HIGHLIGHTS

We posted a profit after tax attributable to equity holders of $17.0 million, up 17.4% from the previous year, and recorded a new high of $139.9 million in revenue, an increase of 7.6%. The increase in the Group's revenue was derived largely from an 18.1% growth in the Construction segment, which contributed $116.0 million to the top line, and accounted for 82.9% of the Group's total revenue. This growth was partly offset by a 24.9% fall in revenue from the Maintenance business, which contributed the remaining $23.9 million, or 17.1% of total revenue.

With higher overall revenue, gross profit was up by $6.1 million, or 26.1%, to $29.5 million for FY2010 from $23.4 million a year ago. Gross profit margin rose to 21.1%, from 18.0% previously, primarily due to a few construction projects that commanded better gross profit margins, coupled with better project management and tighter cost controls.

MOVING IN THE RIGHT DIRECTION, CONTINUALLY AND CORPORATELY

Our strong results serve as an encouragement to us and spur us to work harder and be better in all that we do. Indeed, as all of us face operational challenges each day, onsite and in the office, ensuring that our projects move smoothly, we are highly conscious of the need to excel. We are also acutely aware that each decision we make, each move we take individually are like building blocks, contributing to the eventual growth of the organisation.

On the corporate level, some of the moves that we have taken are more strategic in nature, and unlike operational execution, these moves tend to be more apparent to the public eye. The effect and outcome, however, may not be as immediate as the operational moves and may take some time to bear fruit. While we can never be guaranteed of a positive outcome, we know that the decision we have made at that time would have been the best one based on all the knowledge that we possess at that juncture.

Still we are always mindful that in business, we have to stay alert and nimble at all times, on all levels. Our target is a constantly moving one. By this, I mean that once a specific target has been achieved, another – further and higher and better target – always presents itself.

As a child's growth is imperceptible to those around him, the same is true for an organisation. As a team, we work hard and do our best each day to ensure that we fulfil our work obligations to the best of our abilities. Only when we pause at certain junctures to take stock are we able to see and assess our overall performance and growth.

As a young vibrant growing organisation, OKP takes a forward-looking stance at all times. The corporate world is a competitive one, and discipline and planning are important factors when you want to make a mark. Decisions and moves must be taken in a well-thought-out fashion. In our experience, we have found that to move forward confidently and appropriately, it is sometimes helpful to step or look back briefly. This allows us to assess the situation and make educated intelligent decisions that will help the Group to advance.

A LOOK BACK

As I look back at the last 44 years of our existence, there have been many significant moves. Some have been difficult to make, others have been challenging, most have been exciting but all have been taken in a considered, measured fashion.

"As a young vibrant growing organisation, OKP takes a forward-looking stance at all times. The corporate world is a competitive one, and discipline and planning are important factors when you want to make a mark. Decisions and moves must be taken in a well-thought-out fashion."

OR KIM PEOW
Group Chairman

Chairman's Statement *(CONT'D)*

Perhaps one of the most important corporate moves we took was to go public in 2002. It was the start of a journey that has been interesting and exhilarating.

Our corporate moves, especially those taken recently, have been exciting and noteworthy as they present significant growth opportunities for the Group and can propel the Group to a different level. The new experiences and greater exposure can deepen and broaden our knowledge, expertise as well as corporate experience, and make a considerable difference to the complexion of our business.

Our move into the Oil & Gas arena in 2006, for example, has reaped benefits for us. Teaming up with China Sonangol International (S) Pte. Ltd in 2009 as a strategic partner created an opportunity for us to extend our reach further afield. China Sonangol International (S) Pte. Ltd. is a subsidiary of China Sonangol International Limited ("China Sonangol"), an overseas conglomerate that specialises in oil, gas, and minerals investment and explorations, crude oil supply and national infrastructure construction projects with headquarters in Hong Kong.

Last year, after due consideration, OKP decided to diversify into Property Development to tap opportunities in the private sector, specifically, in the buoyant property market in Singapore. This move will eventually broaden OKP's revenue base, reducing dependence on infrastructure and civil engineering projects which are largely a function of government spending.

Interestingly, China Sonangol's decision to venture into property development in Singapore has also created a new opportunity for us. This took the form of a $83.5 million contract for the construction of a luxury condominium at 21 Angullia Park. China Sonangol is the owner of the development site, which formerly housed The Parisian condominium. The latest contract, valued at $83.5 million, was awarded to a new company, Forte Builder Pte Ltd, a 50-50 joint venture between OKP's wholly-owned subsidiary Or Kim Peow Contractors (Pte) Ltd and Soil-Build (Pte) Ltd, a subsidiary of property developer Soilbuild Group Holdings Ltd. It was awarded by Angullia Development Pte Ltd, a related company of China Sonangol International (S) Pte. Ltd..

While some of the intitiatives may appear independent and isolated, they are in fact part of an overall game plan. Our ultimate goal is to grow our future through each of these moves, ultimately creating an organisation that is vibrant and attractive – to our customers, our staff and our investors.

SOLID FOUNDATIONS

One of OKP's key foundations is its leadership position in the public sector, which was again a key contributor to OKP's revenue in 2010. Overall, Singapore's construction industry saw contracts worth a total of $25.7 billion – 14% higher than in 2009. Of this, the public sector's share of construction demand was $8.3 billion last year, down 40% from $13.9 billion a year ago. Still, OKP was able to secure a total of 6 government contracts, totalling $82.2 million.

Indeed, we are proud to be involved in building and maintaining the road infrastructure in Singapore, and continue to augment our lead in this market through the way we operate and execute our projects. OKP is a much-trusted name among our clients in the public sector, who see us as a reliable and trustworthy partner, able to deliver high-quality projects on time and on budget. These qualities all contribute towards differentiating OKP from the rest of the players.

We continue to prospect for private sector deals in our efforts to diversify our revenue streams. In addition to the construction contract for the Angullia Park luxury condominium, we are pleased to have garnered a $1.1 million contract for land reclamation works on Jurong Island, further strengthening our foothold in the Oil & Gas industry.

OUTLOOK

The outlook for our industry appears promising. In his address at the BCA-REDAS Construction and Property Prospects 2011 Seminar, Minister for National Development Mr Mah Bow Tan had supported this positive view with a slew of statistics. He said the Government will continue to invest in public infrastructure in the year ahead to

"As we look forward to a new year, we stand ready to embrace the changes and challenges that will definitely come our way. We draw our fortitude and strength from the years of collective experience we have amassed in the past 44 years. We stand prepared for contingencies. We are primed for opportunities, so that we can continue to perfect our moves in order to grow our future."

support its economic activities, including infrastructure projects such as the Downtown Line Stage 3 and various major roadworks. With a projected GDP growth of 4% to 6% for 2011, construction demand is forecasted to be between $22 billion and $28 billion. Of this, between $12 billion and $15 billion are expected to be derived from public sector projects, making up about 55% of overall construction demand. The Minister also mentioned that we can expect to see a sustained level of construction demand in 2012 and 2013 of between $19 billion and $26 billion worth of contracts to be awarded annually.

OKP's leading position in the public sector arena will put us in good stead to benefit directly from the contracts anticipated in the years ahead. Over the years, we have broadened and deepened our expertise and as we look ahead, we are ready to take on bigger challenges. This may take the form of larger and more complex civil engineering projects that will generate higher revenues and profitability. We are currently participating in various tenders.

As we look forward to a new year, we stand ready to embrace the changes and challenges that will definitely come our way. We draw our fortitude and strength from the years of collective experience we have amassed in the past 44 years. We stand prepared for contingencies. We are primed for opportunities, so that we can continue to perfect our moves in order to grow our future.

DIVIDENDS

Our Board of Directors has recommended a final dividend of 2.0 cents per share and special dividend of 2.0 cents per share. An interim dividend of 1.0 cent per share has been paid in September 2010, bringing total dividends for FY2010 to 5.0 cents per share. It is our way of thanking our shareholders for their continuous and unstinting support.

A NOTE OF THANKS

I would like 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 diligent contribution. Finally, we thank you, our shareholder, for your support and loyalty.

OR KIM PEOW
Group Chairman

Our Board Of Directors

MR OR KIM PEOW, PBM

Group Chairman, 76

Mr Or Kim Peow, PBM, is the founding member of the Group. He was appointed Group Chairman of OKP Holdings Limited on 15 February 2002 and was last re-elected at the 2009 Annual General Meeting on 21 April 2010.

Mr Or has more than 51 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 44 years ago and was instrumental in growing and steering it through major changes in its history. Mr Or continues to be active, playing an advisory role in the Group's strategic development and planning.

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.

MR OR TOH WAT, PBM

Group Managing Director, 43

Mr Or Toh Wat, PBM, was appointed Group Managing Director of OKP Holdings Limited on 15 February 2002. Mr Or has more than 19 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

Mr Or 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.

MDM ANG BENG TIN

Executive Director, 55

Mdm Ang Beng Tin is an Executive Director of OKP Holdings Limited. She was appointed a Director on 20 March 2002 and was last re-elected at the 2008 Annual General Meeting on 20 April 2009.

Mdm Ang joined the Group in 1979 and has more than 36 years of experience in administration and human resources. She is responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd, one of the Group's subsidiary companies.

Mdm Ang holds GCE 'O' Levels qualifications.

MR OR KIAM MENG

Executive Director, 46

Mr Or Kiam Meng is an Executive Director of OKP Holdings Limited. He was appointed a Director on 20 March 2002 and was last re-elected at the 2007 Annual General Meeting on 21 April 2008.

Mr Or joined the Group in 1985 and has more than 25 years of experience in the construction industry. He oversees the daily site management and operations of Or Kim Peow Contractors (Pte) Ltd, one of the Group's subsidiary companies. Mr Or is currently the Patron of Anchorvale Community Centre Management Committee.

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

MR OH ENC NAM

Executive Director, 55

Mr Oh Enc Nam is an Executive Director of OKP Holdings Limited. He was appointed a Director on 20 March 2002 and was last re-elected at the 2009 Annual General Meeting on 21 April 2010.

Mr Oh has more than 31 years of experience in the construction industry since joining 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.

MR OR LAY HUAT DANIEL

Executive Director, 33

Mr Or Lay Huat Daniel is an Executive Director of OKP Holdings Limited. He was appointed a Director on 1 August 2006 and was last re-elected at the 2009 Annual General Meeting on 21 April 2010.

Mr Or joined OKP Holdings Limited in 2003. He is currently responsible for overseeing the day-to-day management, business development, investor relations and corporate communications of the Group. Mr Or is also actively involved in community activities. He is currently a member of Tampines GRC and Tampines West Citizen Consultative Committee.

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

Our Board Of Directors *(CONT'D)*

DR CHEN SEOW PHUN, JOHN

Lead Independent Director, 57

Dr Chen Seow Phun, John is the Lead 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 appointed the Lead Independent Director of the Company on 1 August 2006. He was last re-elected as a Director at the 2007 Annual General Meeting on 21 April 2008.

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

He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, 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 2010 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
- PSC Corporation Ltd
- Education Solutions International Pte Ltd
- Matex International Limited
- SAC Capital Pte Ltd *(previously known as Sirius Asia Capital Pte Ltd)*
- Tat Seng Packaging Group Ltd
- HLH Group Limited *(previously known as PDC Corp Ltd)*
- Fu Yu Corporation Ltd
- Riverstar Investment Limited
- L M K Investment Pte Ltd

Past Directorships

- SNF Corporation Ltd
- CNY Capital Pte Ltd *(previously known as China Ginseng Industries Pte Ltd)*
- Hongguo International Holdings Limited

MR NIRUMALAN S/O V KANAPATHI PILLAI

Independent Director, 58

Mr Nirumalan s/o V Kanapathi Pillai is an Independent Director of OKP Holdings Limited. He was appointed 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 2008 Annual General Meeting on 20 April 2009.

Mr Pillai is the Senior Director of Global Law Alliance LLC (incorporating Niru & Co). Global Law Alliance LLC is a corporate law firm representing leading global banking and financial institutions, major international companies including Fortune 500 companies, private equity groups, venture capitalists and global asset management companies. In the late 1990s, Niru & Co was associated with CMS Cameron McKenna, a top-tier law firm with headquarters in London. Mr Pillai has been in legal practice for more than 30 years, specialising in insurance, reinsurance, shipping, libel and slander, corporate, commercial and civil litigation. Mr Pillai 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 Pillai holds a LLM degree from the University of Melbourne, Australia and a LLM degree (with Distinction) from the Nottingham Trent University, United Kingdom. He is also a Fellow of the Chartered Institute of Arbitrators, United Kingdom and the Singapore Institute of Arbitrators. Until 2008, he was 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 2010 and the preceding 3 years:

Present Directorships	Past Directorships
Nil	Nil

MR TAN BOEN ENG

Independent Director, 78

Mr Tan Boen Eng is an Independent Director of OKP Holdings Limited. He was appointed a Director on 25 June 2002 and currently serves as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. He was last re-appointed as a Director at the 2009 Annual General Meeting on 21 April 2010.

Mr Tan has extensive experience in both the public and private sectors. He has held and is currently holding directorships in several listed and non-listed companies from various industries, including business consultancy, training and management consultancy. Mr Tan was the President of the Institute of Certified Public Accountants of Singapore from 1995 to April 2009 and he is currently a Council Member. He is also a Director of Singapore Institute of Accredited Tax Professionals Limited and a Director of SAA Global Education Centre Pte Ltd. He was a member of the Nanyang Business School Advisory Committee, Nanyang Technological University and was a Board member of Tax Academy of Singapore. He has previously held the positions of Senior Deputy Commissioner of the Inland Revenue Authority of Singapore, Director of Singapore Pools Pte Ltd and Board Member of the Accounting and Corporate Regulatory Authority. He also served as Chairman of the Securities Industries Council and was a Member of the Singapore Sports Council.

Mr Tan holds a Bachelor of Arts 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 2010 and the preceding 3 years:

Present Directorships

- Association of Taxation Technicians (S) Limited
- Certified Accounting Technicians (Singapore) Ltd.
- Institute of Certified Public Accountants of Singapore Pte Ltd
- SAA Global Education Centre Pte Ltd
- Singapore Institute of Accredited Tax Professionals Limited
- TEE International Limited

Past Directorships

- AsiaMedic Limited
- Asiaprime Pte Ltd

Our Key Management

MS ONG WEI WEI
GROUP FINANCIAL CONTROLLER
OKP Holdings Limited

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

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

MR OR YEW WHATT
EXECUTIVE DIRECTOR
Eng Lam Contractors Co. (Pte) Ltd

Mr Or Yew Whatt joined the Group in 1989. He is currently an Executive 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 the project tender process. He has more than 20 years of experience in the construction industry.

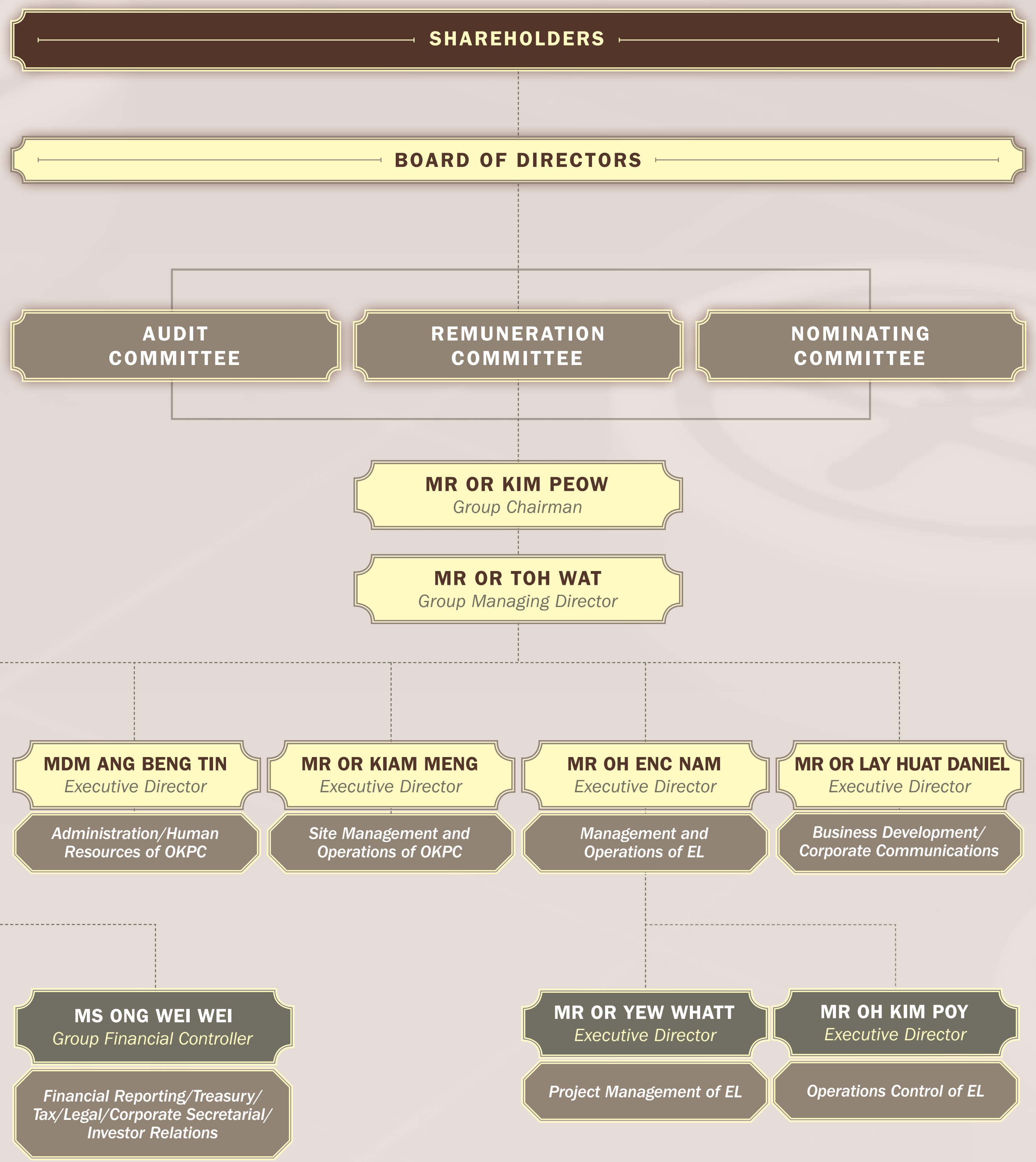
Mr Or holds a Certificate in Pavement Construction and Maintenance from the Building and Construction Authority.

MR OH KIM POY
EXECUTIVE DIRECTOR
Eng Lam Contractors Co. (Pte) Ltd

Mr Oh Kim Poy joined the Group in 1977. He is currently an Executive Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's subsidiary companies. He is responsible for supervising and monitoring of projects.

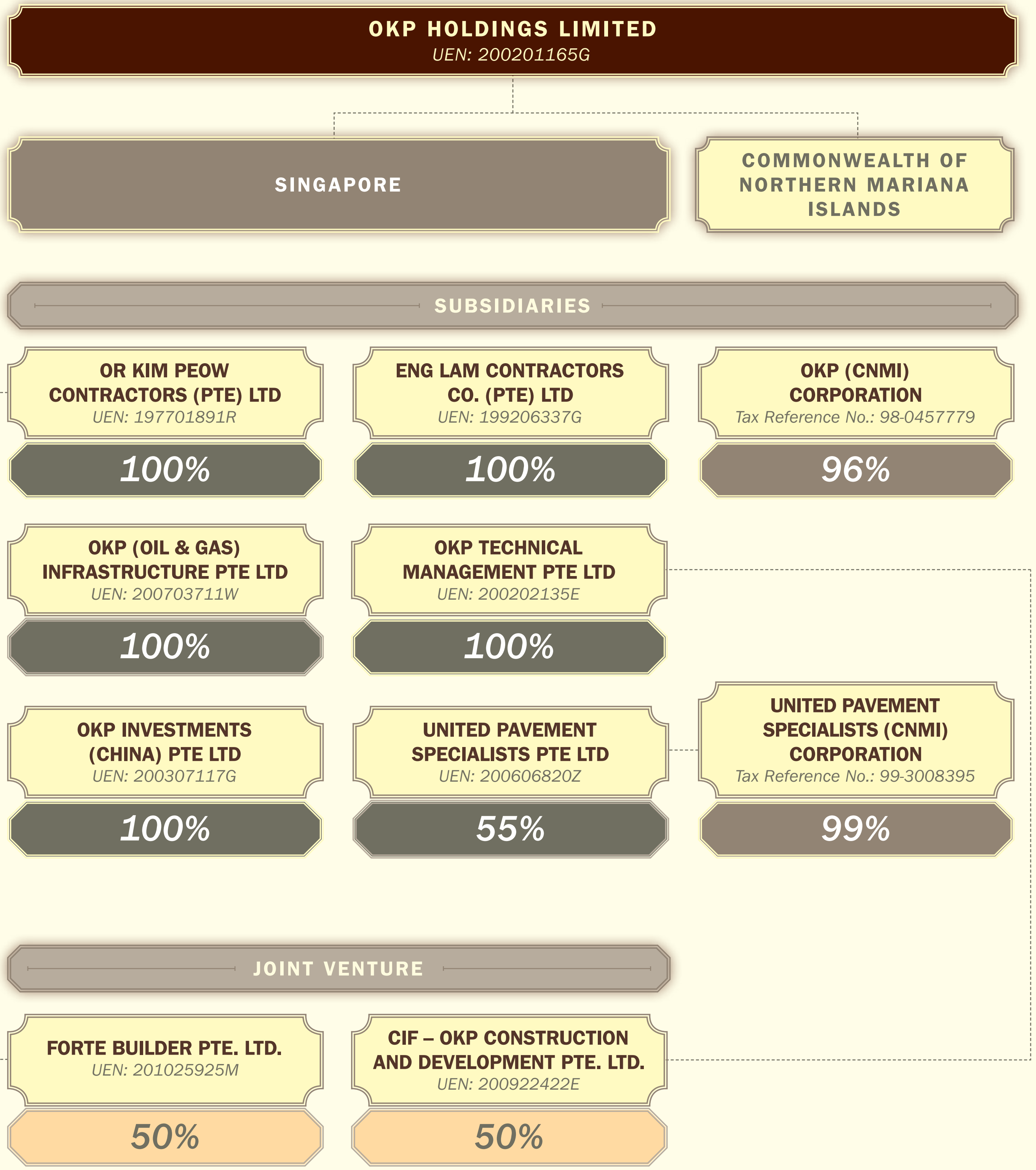
Mr Oh has more than 36 years of experience in the construction industry.

Our Organisation Chart



OKPC_Or Kim Peow Contractors (Pte) Ltd
EL_Eng Lam Contractors Co. (Pte) Ltd

Our Group Structure



Value Added Statement

	FY2010 $'000		FY2009 $'000		FY2008 $'000		FY2007 $'000		FY2006 $'000	
Revenue	139,856		129,982		101,825		124,660		73,267	
Less: purchase of goods and services	(81,157)		(87,777)		(63,872)		(95,261)		(55,142)	
Value added from operations	58,699		42,205		37,953		29,399		18,125	
Other income	887		1,462		843		1,520		560	
Gain/(loss) on foreign exchange	(157)		(49)		(200)		(225)		(86)	
	730		1,413		643		1,295		474	
Total value added available for distribution	59,429		43,618		38,596		30,694		18,599	
Distribution:		%		%		%		%		%
To employees										
(1) Salaries and other staff costs	25,396	43	21,949	50	20,182	52	12,147	40	11,571	62
To government										
(1) Corporate and property taxes	3,596	6	2,675	6	2,707	7	2,754	9	1,310	7
To providers of capital										
(1) Finance costs	151		186		193		137		105	
(2) Dividends to shareholders	10,585		2,997		2,997		2,248		–	
	10,736	18	3,183	7	3,190	8	2,385	8	105	1
Balance retained in the business:										
(1) Depreciation and amortisation	2,819		2,461		2,251		1,947		1,553	
(2) Unappropriated profits	16,952		14,442		9,458		10,921		4,148	
(3) Non-controlling interests	(70)		(4)		73		79		(88)	
	19,701	33	16,899	39	11,782	31	12,947	41	5,613	30
Non-production costs and income:										
(1) Provision for doubtful debts (trade)	–	–	–	–	735	2	461	2	–	
(2) Reversal of provision for doubtful debts (trade)	–	–	(1,088)	(2)	–	–	–	–	–	
Total distribution	59,429	100	43,618	100	38,596	100	30,694	100	18,599	100
PRODUCTIVITY ANALYSIS										
Number of employees	744		737		665		651		435	
Value added per employee ($'000)	80		59		58		47		43	
Value added per dollar of employment cost	2.3		2.0		1.9		2.5		1.6	
Value added per dollar of investment in fixed assets (before depreciation)	1.6		1.4		1.5		1.3		1.0	
Value added per dollar of revenue	0.4		0.3		0.4		0.2		0.3	

Total value-added created by the Group in FY2010 amounted to $59.4 million (2009: $43.6 million).

In FY2010, about $25.4 million or 43% of the value-added was paid to employees in the form of salaries and wages. $3.6 million or 6% was paid to the government in the form of corporate and property taxes while $10.7 million or 18% was paid as dividends and interest to financial institution. Balance of $19.7 million was retained by the Group for its future growth.

In FY2009, about $21.9 million or 50% of the value-added was paid to employees in the form of salaries and wages. $2.7 million or 6% was paid to the government in the form of corporate and property taxes while $3.2 million or 7% was paid as dividends and interest to financial institutions. Balance of $16.9 million was retained by the Group for its future growth.

DEVELOPING STRATEGIES SEIZING OPPORTUNITIES

WE WORK TOWARDS FULFILLING OUR MISSION TO BE THE FIRST AND PREFERRED PARTNER ACROSS VARIOUS INDUSTRIES. IN DOING SO, WE WILL CONTINUE TO BUILD UPON OUR STRENGTHS AND CAPITALISE ON LEVERAGING GROWTH OPPORTUNITIES BOTH LOCAL AND ABROAD, TO CREATE GREATER VALUE FOR OUR CUSTOMERS AND DELIVER HIGHER RETURNS TO OUR SHAREHOLDERS.

Financial Highlights

Financial year ended 31 December

FOR THE YEAR	FY2010 $'000	FY2009 $'000	FY2008 $'000	FY2007 $'000	FY2006 $'000
Revenue - Construction	115,977	98,184	70,910	104,687	53,436
Revenue - Maintenance	23,879	31,798	30,915	19,973	19,831
Total Revenue	139,856	129,982	101,825	124,660	73,267
Revenue - Construction (% of total revenue)	82.9%	75.5%	69.6%	84.0%	72.9%
Revenue - Maintenance (% of total revenue)	17.1%	24.5%	30.4%	16.0%	27.1%
Gross profit	29,493	23,386	21,324	21,845	10,445
Gross profit (%)	21.1%	18.0%	20.9%	17.5%	14.3%
Earnings before interest, income taxes, depreciation and amortisation (EBITDA)	23,410	19,751	14,672	15,819	6,989
EBITDA margin (%)	16.7%	15.2%	14.4%	12.7%	9.5%
Finance cost (i.e. Interest expense)	151	186	193	137	105
Profit before income tax	20,441	17,104	12,227	13,735	5,355
Profit before income tax (%)	14.6%	13.2%	12.0%	11.0%	7.3%
Net Profit	16,881	14,438	9,531	11,000	4,060
Net Profit (%)	12.1%	11.1%	9.4%	8.8%	5.5%
Profit after income taxes and non-controlling interests (PATMI)	16,952	14,442	9,458	10,921	4,148
PATMI margin (%)	12.1%	11.1%	9.3%	8.8%	5.7%

AT YEAR END	FY2010	FY2009	FY2008	FY2007	FY2006
Current assets	131,201	105,843	62,955	63,219	37,552
Total assets	153,110	122,378	76,821	76,930	47,956
Current liabilities	82,839	61,194	33,319	40,105	23,471
Total liabilities	84,175	62,863	36,115	42,758	25,275
Total debt (i.e. financial lease)	1,841	2,701	4,174	3,794	2,304
Shareholders' equity	69,007	58,918	40,105	33,644	22,683
Total equity	68,935	59,514	40,706	34,172	22,681
Operating cashflow	39,086	44,685	15,779	12,994	3,763
Cash and cash equivalents	100,074	77,741	35,410	24,862	14,656
Net tangible assets	67,319	57,231	38,418	31,957	20,996
Number of shares	265,823	247,291	149,861	149,861	136,261
Adjusted weighted average number of ordinary shares					
-Basic	260,786	238,291	224,791*	222,668*	204,391*
-Fully diluted	286,615	238,320	224,791*	222,668*	204,391*
Share price at year end (cents)	57.00	48.00	21.00	69.00	10.00
Market capitalisation as at 31 December	151,519	118,700	31,471	103,404	13,626
Capital expenditure	6,782	5,201	2,850	4,768	2,748

** Retrospective adjustment for bonus shares issued in FY2009.*

FINANCIAL RATIOS	FY2010	FY2009	FY2008	FY2007	FY2006
Profitability					
Revenue growth (%)	7.6%	27.7%	(18.3%)	70.1%	19.2%
PATMI growth (%)	17.4%	52.7%	(13.4%)	163.3%	1,355.4%
Return on assets (%) (PATMI/Total assets)	11.1%	11.8%	12.3%	14.2%	8.6%
Return on equity (%) (PATMI/Average shareholders' equity)	26.5%	29.2%	25.6%	38.8%	20.1%
Liquidity					
Current ratio (times) (Current assets/Current liabilities)	1.6	1.7	1.9	1.6	1.6
Cash per share (cents)	37.6	31.4	23.6	16.6	10.8
Net tangible assets per share (cents)	25.3	23.1	25.6	21.3	15.4
Leverage					
Total debt to equity ratio (times) (Total debt/Total equity)	<0.1	0.1	0.1	0.1	0.1
Interest cover (times) (EBITDA/Finance cost)	155.0	106.2	76.0	115.5	66.5
Investors' ratios					
Earnings per share (cents)					
-Basic	6.5	6.1	4.2	4.9	2.0
-Fully diluted	5.9	6.1	4.2	4.9	2.0
Gross dividend per share (cents)-ordinary	3.0	2.0	2.0	2.0	1.5
Gross dividend per share (cents)-special	2.0	1.0	–	–	–
Total gross dividend per share (cents) (DPS)	5.0	3.0	2.0	2.0	1.5
Gross dividend yield (%) based on year-end share price	8.8%	6.3%	9.5%	2.9%	15.0%
Gross dividend payout (%) (DPA/Basic EPS)	76.9%	49.5%	47.5%	40.9%	76.4%
Productivity					
Number of employees	744	737	665	651	435
Revenue/employee ($'000)	187.2	176.4	153.1	191.5	168.4

Widening of Central Expressway from Pan Island Expressway to Braddell Interchange.

Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View Extension, Phase 1.

Group Managing Director's Overview Of Operations

Singapore's construction industry had a good run in 2010 with $25.7 billion worth of contracts, 14.0% higher than in 2009. Of this, $8.3 billion, or 32.0%, went to the public sector. As a key player in this space, OKP was able to bag $82.2 million worth of contracts from the public sector in 2010. This has translated into a solid financial performance for OKP, and helped to fortify our position in this area of our operations.

Operationally, there were ups and downs but we were able to surmount all challenges. People and manpower continued to be major issues for OKP, with the labour market tightening against the backdrop of a recovering economy. It is a challenge to attract high calibre professionals into the industry, which is why attracting and retaining talent remains a top priority at OKP. It is imperative that we maintain a highly qualified and experienced team if we are to continue delivering projects to the same high level of service and quality that our clients have come to expect of us. The need has been most acute in the ranks of middle-management such as supervisors and foremen. Nonetheless, our progressive human resource policy and our commitment to develop potential have helped us to retain most of our key personnel.

As a leading home-grown infrastructure and civil engineering company in the region, OKP has two core business segments, Construction and Maintenance. Last year, we took a decision to expand into Property Development to tap opportunities in the private sector. We hope eventually to broaden OKP's revenue base, gradually reducing dependence on infrastructure and civil engineering projects which are largely a function of government spending.

Our projects are mainly public sector civil engineering and infrastructure construction projects, which involve the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport runways and taxiways. We have also taken on projects in the Oil & Gas sector in the past several years providing civil construction work for petrochemical plants and oil storage terminals.

As an employer of 744 workers, we continue to be mindful of the need to ensure safety in our workplace so that our workers can work with peace of mind, knowing that all necessary measures have been taken to create a work environment that is safe and secure.

OR TOH WAT
Group Managing Director

CONSTRUCTION: LEADING IN THE PUBLIC SECTOR

The Construction segment contributed $116.0 million to the top line, and accounted for 82.9% of the Group's revenue. The growth in revenue from the Construction segment was due mainly to a higher percentage of revenue recognised from a few major construction projects which were in full swing in FY2010.

Our pie of public sector projects amounted to $82.2 million in FY2010, comprising 6 projects. These are: (i) a $5.2 million contract from the Jurong Town Corporation for construction and maintenance works at Tuas South Avenue 12 and Tuas South Avenue 14, (ii) a $19.4 million contract from the Land Transport Authority for ad hoc repairs and upgrading of roads, road related facilities and road structures in Central Sector for a period of 39 months, (iii) a $14.9 million contract from the Land Transport Authority for ad hoc repairs and upgrading of roads, road related facilities and road structures in North-West Sector for a period of 39 months, (iv) a $6.0 million contract from the Public Utilities Board for desilting of Bukit Timah Phase II Diversion Canal, (v) a $14.5 million contract from the Jurong Town Corporation for the construction of roads, drains, sewers and ancillary works at Cleantech Park (Phase 1), road widening works at Nanyang Avenue and sewage works along Jalan Bahar and (vi) a $22.2 million contract from the Public Utilities Board for proposed road raising works along Orchard Road (from Orange Grove Road to Cairnhill Road).

On the private sector front, OKP secured (i) a $1.1 million project from Exxonmobil Asia Pacific Pte Ltd to carry out land reclamation works on Jurong Island and (ii) a contract for the construction of a luxury condominium at Angullia Park worth $83.5 million from Angullia Development Pte. Ltd..

MAINTENANCE: PROVIDING A STEADY INCOME STREAM

Although lower in value and spread over a longer period, maintenance contracts provide a much needed recurrent source of revenue, helping to moderate the "lumpiness" in our order book. We have made a name for ourselves in this area.

The Maintenance segment saw substantial completion of several projects in the year. This, coupled with lower percentage of revenue recognition for new maintenance projects, resulted in this business segment turning in a 24.9% fall in revenue for the year; it contributed $23.9 million, or 17.1% of the Group's revenue.

PROJECT OPERATIONS

Our continued emphasis on good teamwork continues to bear good fruit and in the past year, we have encountered minimal problems or workplace issues in relation to project execution. There is a high degree of co-operation among co-workers, and this is in part a result of the way we define roles and responsibilities on the worksite so as to avoid ambiguity and misunderstanding.

Our three teams who are specialists in Oil and Gas/Petrochemical, Airport Infrastructure and Road Construction and Road Maintenance remain in place, with members who are flexible enough to move across disciplines as and when the need arises.

FINANCIAL MANAGEMENT

We managed to grow our gross profit margin to 21.1%, from 18.0% previously, primarily due to a few construction projects that commanded better gross profit margins, coupled with better project management and tighter cost controls. We find it a good discipline to practise prudent financial management at all times – exercising the highest level of financial prudence, cutting down on unnecessary costs and expenses where possible. This helps us to contain our costs and contribute to a healthy set of financials.

For us, good execution is key after securing of contract. We thus remain committed to a high level of operational capabilities and efficiencies, achieving high productivity in the process. We are confident this will help us to continue on track for growth going forward.

I would like to take the opportunity to express my heartfelt thanks and gratitude to my management team, and my staff for their commitment, dedication and support. May I encourage them to work hard and press on so that, together, we can build OKP into a fine and trusted name, and move towards becoming the first and preferred civil engineering contractor in Singapore and beyond.

OR TOH WAT
Group Managing Director

Operating And Financial Review

OPERATING REVIEW

Widening of Eunos Link and Jalan Eunos From Airport Road to Sims Avenue.

BUSINESS SEGMENTAL BREAKDOWN

(i) CONSTRUCTION

COMPLETED CONSTRUCTION PROJECTS

During 2010, we successfully completed five projects: a National Parks Board project and four from the Land Transport Authority. A list of the construction projects completed in 2010 is found below.

LIST OF COMPLETED CONSTRUCTION PROJECTS

No	Description of Completed Construction Projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1	Widening of Eunos Link and Jalan Eunos From Airport Road to Sims Avenue (ER194)	Land Transport Authority	April 2008	October 2010	28,508,250
2	Tanglin Halt Outlet Drain At North Buona Vista (8288)	Land Transport Authority	December 2008	December 2010	20,827,000
3	Term Contract 7 for Construction of Covered Linkways, Cover To Pedestrians Overhead Bridges and Bus Shelters (RD247)	Land Transport Authority	January 2008	July 2010	7,067,000
4	Proposed Development of: a. Sungei Pinang Park Connector Along Sungei Pinang Off Buangkok Dirve b. Sungei Serangoon Park Connector Along Sungei Serangoon off Sengkang East Drive and Tebing Walk c. AMK Ave 5 Park Connector From AMK Town Garden West to Existing Buangkok Park Connector Along AMK Ave 5 (Nparks/N/142/2008)	National Parks Board	June 2009	March 2010	5,667,000
5	Road Works in City Centre (Phase 3) (RD238)	Land Transport Authority	May 2009	May 2010	4,802,000

Construction of Roads, Drains, Sewers and Ancillary Works at Cleantech Park (Phase 1). Road Widening Works at Nanyang Avenue and Sewage Works Along Jalan Bahar.

ON-GOING CONSTRUCTION PROJECTS

OKP is busy working on a number of on-going projects. Excluding the land reclamation project which was secured in 2010 and completed in February 2011, four were secured in 2010. Together with the project relating to the widening of the Central Expressway which was secured in January 2009 and the civil works project on Jurong Island, the Group is currently executing a total of seven construction projects. Of these, four will be completed this year. These are: the civil works project undertaken for FWP joint venture; the Central Expressway widening project undertaken for the LTA; road raising works along Orchard Road (from Orange Grove Road to Cairnhill Road) for the PUB; and the project involving final premix surfacing, reinstatement and ancillary works at Tuas View Extension, Phase 1 for the JTC. The other projects have different completion dates, with at least one targeted for completion only in 2013.

LIST OF ON-GOING CONSTRUCTION PROJECTS

No	Description of On-Going Construction Projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1	Widening of Central Expressway from Pan Island Expressway to Braddell Interchange (ER288)	Land Transport Authority	January 2009	December 2011	119,270,000
2	Construction of a condominium housing development, comprising one block of 36-storey residential flat development (total 54 units) with sky terraces, two basement carparks, a swimming pool and communal facilities at Augullia Park (CSK/JH/ss/S/377/08/82)	Angullia Development Pte Ltd	December 2010	April 2013	83,500,000
3	Proposed Road Raising Works along Orchard Road (from Orange Grove Road to Cairnhill Road) (1100451)	Public Utilities Board	November 2010	May 2011	22,000,000
4	Selected civil works at Jurong Island	FWP Joint Venture	January 2009	April 2011 (extended)	21,700,000
5	Construction of Roads, Drains, Sewers and Ancillary Works at Cleantech Park (Phase 1). Road Widening Works at Nanyang Avenue and Sewage Works Along Jalan Bahar (JTC C06202010)	Jurong Town Corporation	October 2010	June 2012	14,497,000
6	Final Premix Surfacing, Reinstatement and Ancillary Works at Tuas View Extension, Phase 1 (JTC C14702009)	Jurong Town Corporation	March 2010	June 2011	5,177,000
7	Land reclamation works at Jurong Island	Exxonmobil Asia Pacific Pte Ltd	August 2010	February 2011 (extended)	1,088,500
	Description of Newly-Awarded Construction Projects in 2011	**Customer**	**Date of Commencement**	**Date of Completion**	**Contract Value ($)**
8	Widening of Old Choa Chu Kang Road from Sungei Tengah Road to Lim Chu Kang Road (ER201)	Land Transport Authority	February 2011	February 2014	28,527,000

Operating And Financial Review *(CONT'D)*

(ii) Maintenance

COMPLETED MAINTENANCE PROJECTS

We completed four maintenance contracts in 2010, secured three new ones and continued to work on some that were secured previously. In addition to providing a steady and recurrent income stream for OKP, our Maintenance segment is an important part of the service that OKP provides to its clients. In 2010, this segment contributed $23.9 million, amounting to 17.1% of the Group's revenue.

LIST OF COMPLETED MAINTENANCE PROJECTS

No	Description of Completed Maintenance Projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1	Improvement to Roadside Drains III Western Sector Contract 3 – Chin Bee Road and Gul Circle (9090478)	Public Utilities Board	May 2008	September 2010	13,937,000
2	Painting and Cleansing of Road Related Facilities in East Sector For A Period of Two Years (RP126)	Land Transport Authority	April 2008	March 2010	13,327,000
3	Ad Hoc Repairs and Upgrading of Roads and Road Related Facilities in Central Sector For a Period of Two Years (RP125)	Land Transport Authority	April 2008	April 2010	12,700,000
4	Proposed Environmental Improvement Works at Siglap Village and Upper Serangoon Road and Along the Canal at Kampong Sireh (URA/000/CS/0813)	Urban Re-development Authority	May 2009	May 2010	3,387,000

ON-GOING MAINTENANCE PROJECTS

During 2010, our Maintenance segment successfully landed three contracts. These included two from the Land Transport Authority involving upgrading of roads and one from the Public Utilities Board that involved desilting work at the Bukit Timah Phase II Division canal. Another maintenance project for the Public Utilities Board, involving the improvement to roadside drains in Opera and East View Garden Estates, was completed in January 2011.

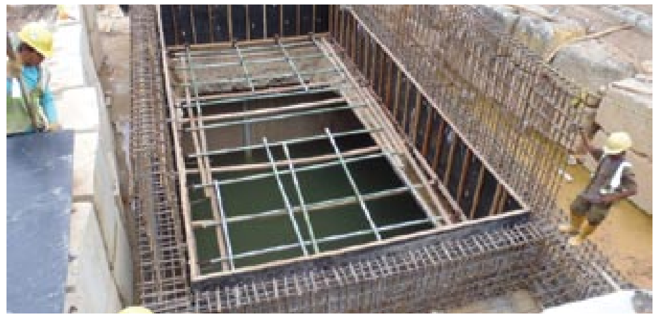
LIST OF ON-GOING MAINTENANCE PROJECTS

No	Description of Completed Maintenance Projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1	Ad Hoc Repairs and Upgrading of Roads, Road Related Facilities and Road Structures in Central Sector for a Period of 39 Months (RP180C)	Land Transport Authority	May 2010	August 2013	19,400,000
2	Improvement to Roadside Drains EUP Batch 5 Contract 3 – Opera and East View Garden Estates (9090648)	Public Utilities Board	January 2009	January 2011	15,397,000
3	Ad Hoc Repairs and Upgrading of Roads, Road Related Facilities and Road Structures in North-West Sector for a Period of 39 Months (RP180NW)	Land Transport Authority	May 2010	August 2013	14,900,000
4	Proposed Desilting of Bukit Timah Phase II Diversion Canal (1100306)	Public Utilities Board	July 2010	October 2011	5,967,000

FINANCIAL REVIEW

INCOME STATEMENT	FY2010 $'000	FY2009 $'000	Change $'000	Change %
Revenue				
- Construction	115,977	98,184	17,793	18.1
- Maintenance	23,879	31,798	(7,919)	(24.9)
Total revenue	**139,856**	**129,982**	**9,874**	7.6
Cost of works	(110,363)	(106,596)	3,767	3.5
Gross profit	**29,493**	**23,386**	**6,107**	26.1
Gross profit margin	21.1%	18.0%		
Other income	887	1,462	(575)	(39.3)
Expenses				
- Administrative	(9,630)	(7,509)	2,121	28.2
- Other	(158)	(49)	109	222.4
- Finance	(151)	(186)	(35)	(18.8)
Profit before income tax	**20,441**	**17,104**	**3,337**	19.5
Income tax expense	(3,559)	(2,666)	893	33.5
Net profit	**16,882**	**14,438**	**2,444**	16.9
Net profit margin	12.1%	11.1%		
Profit attributable to:				
Equity holders of the Company	16,952	14,442	2,510	17.4
Non-controlling interests	(70)	(4)	66	1,650.0
	16,882	**14,438**	**2,444**	16.9

Proposed Road Raising Works along Orchard Road (from Orange Grove Road to Cairnhill Road).



Proposed Desilting of Bukit Timah Phase II Diversion Canal.

Operating and Financial Review *(CONT'D)*

Revenue
Our Group achieved a record revenue of $139.9 million for FY2010. This was an increase of 7.6% or $9.9 million, from the $130.0 million registered in the previous year ("FY2009"). The increase in revenue was contributed by revenue growth of 18.1% from the construction segment, partially offset by a 24.9% decrease in revenue from the maintenance segment.

The strong growth in revenue from the construction segment was largely attributable to a higher percentage of revenue recognised from a few major construction projects which were in full swing in FY2010.

The decrease in revenue from the maintenance segment was due mainly to the substantial completion of existing maintenance projects, coupled with a lower percentage of revenue recognised from a few newly-awarded maintenance projects during FY2010.

The construction segment continues to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 82.9% (2009: 75.5%) and 17.1% (2009: 24.5%) of our Group's revenue, respectively, for FY2010.

Gross profit and gross profit margin
Our gross profit increased by $6.1 million or 26.1% from $23.4 million for FY2009 to $29.5 million for FY2010 following the increase in the revenue recognised.

Our gross profit margin increased from 18.0% for FY2009 to 21.1% for FY2010. The increase in our gross profit margin was largely attributable to a few projects in FY2010 which had commanded higher gross profit margins with better project management and tighter cost controls.

Other income
The decrease in other income of $0.6 million or 39.3% was largely attributable to the reversal of allowance for impairment of trade receivables of $1.1 million in FY2009 which did not recur in FY2010. The decrease was partially offset by a $0.1 million increase in bank deposits interests resulting from higher cash and cash equivalents and interest earned from financial assets, fair value gain arising from the revaluation of an investment property of $0.3 million in FY2010 and a $0.1 million increase in sale of used construction materials at site during FY2010.

Administrative expenses
The increase in administrative expenses of $2.1 million or 28.2% was largely attributable to higher directors' remuneration and staff costs due to salary adjustments and higher staff bonuses following the strong financial performance of the Group in FY2010.

Tanglin Halt Outlet Drain At North Buona Vista.

Improvement to Roadside Drains EUP Batch 5 Contract 3 – Opera and East View Garden Estates.

Other expenses
Other expenses increased by $0.1 million or 222.4% due to a loss from foreign exchange resulting from the weakening of the US dollar against the Singapore dollar during FY2010.

Finance expenses
Finance expenses decreased marginally by $0.04 million due mainly to repayment of finance leases during FY2010.

Profit before income tax
Profit before income tax increased by $3.3 million or 19.5% from $17.1 million for FY2009 to $20.4 million for FY2010. The increase was due mainly to an increase in gross profit of $6.1 million, which was partially offset by a decrease in other income of $0.6 million, an increase in administrative expenses of $2.1 million and an increase in other expenses of $0.1 million, as explained above.

Income tax expense
Income tax expense increased by $0.9 million or 33.5%, from $2.7 million for FY2009 to $3.6 million for FY2010. The higher income tax expense was due to higher profit before income tax, as explained above.

Non-controlling interests
Non-controlling interests increased by $0.07 million, resulting from losses incurred by subsidiaries during FY2010.

Net profit
Our Group reported record high net profit of $16.9 million for FY2010. Net profit increased by $2.4 million or 16.9% from $14.4 million for FY2009 to $16.9 million for FY2010 following the increase in profit before income tax of $3.3 million which was partially offset by an increase in income tax expense of about $0.9 million, as explained above.

Our net profit margin increased from 11.1% for FY2009 to 12.1% for FY2010.

Widening of Central Expressway from Pan Island Expressway to Braddell Interchange.

Ad Hoc Repairs and Upgrading of Roads, Road Related Facilities and Road Structures in Central Sector for a Period of 39 Months.

Operating And Financial Review *(CONT'D)*

STATEMENT OF FINANCIAL POSITION	FY2010 $'000	FY2009 $'000	Change $'000	Change %
Current assets				
- Cash and cash equivalents	100,074	77,741	22,333	28.7%
- Trade and other receivables	28,446	26,201	2,245	8.6%
- Other	2,681	1,901	780	41.0%
	131,201	105,843	25,358	24.0%
Non-current assets				
- Property, plant and equipment	16,996	13,647	3,349	24.5%
- Other	4,913	2,888	2,025	70.1%
	21,909	16,535	5,374	32.5%
Total assets	153,110	122,378	30,732	25.1%
Current liabilities				
- Trade and other payables	78,436	57,089	21,347	37.4%
- Finance lease liabilities	898	1,196	(298)	(24.9%)
- Other	3,505	2,909	596	20.5%
	82,839	61,194	21,645	35.4%
Non-current liabilities				
- Finance lease liabilities	(943)	(1,505)	(562)	(37.3%)
- Other	(393)	(164)	229	139.6%
	1,336	1,669	333	20.0%
Total liabilities	(84,175)	(62,863)	21,312	33.9%
Net assets	**68,935**	**59,515**	**9,420**	**15.8%**
Total shareholders' equity	69,007	58,918	10,089	17.1%
Non-controlling interests	(72)	597	(669)	(112.1%)
Total equity	**68,935**	**59,515**	**9,420**	**15.8%**

Proposed Road Raising Works along Orchard Road (from Orange Grove Road to Cairnhill Road).

Improvement to Roadside Drains III Western Sector Contract 3 – Chin Bee Road and Gul Circle.

Current assets

Current assets increased by $25.4 million, from $105.8 million as at 31 December 2009 to $131.2 million as at 31 December 2010. The increase was attributable to:

(a) an increase in cash and cash equivalents of approximately $22.3 million due mainly to the inflow of proceeds from the issuance of new shares arising from the exercise of warrants coupled with cash generated from operations in the financial year ended 31 December 2010 ("FY2010");

(b) an increase in trade and other receivables of approximately $2.3 million due mainly to higher accrued receivables and retention monies on construction contracts following higher revenue recognised in FY2010; and

(c) an increase in construction contracts work-in-progress of approximately $0.8 million following the increase in revenue and business activities in FY2010.

Non-current assets

Non-current assets increased by $5.4 million, from $16.5 million as at 31 December 2009 to $21.9 million as at 31 December 2010. The increase was attributable to:

(a) the purchase of financial asset, held-to-maturity and financial asset, available-for-sale for $1.0 million and $0.7 million respectively in FY2010;

(b) the fair value gain of approximately $0.3 million arising from the revaluation of an investment property in FY2010; and

(c) an increase in property, plant and equipment of $3.4 million resulting from the acquisition of the property at 2A Sungei Kadut Drive Singapore 729554 for a consideration of $3.55 million and the purchase of new plant and equipment, which was partially offset by depreciation and disposal of property, plant and equipment during FY2010. The said property would be used for fabrication yard, workshop, storage of construction materials and office.

Current liabilities

Current liabilities increased by $21.6 million, from $61.2 million as at 31 December 2009 to $82.8 million as at 31 December 2010. The increase was due mainly to:

(a) an increase in trade payables and accrued operating expenses of approximately $24.3 million arising from the increase in work done by subcontractors on the various projects as the construction of the projects progressed; and

(b) an increase in current income tax liabilities of approximately $0.6 million due to higher tax provision for FY2010 resulting from higher profits generated during FY2010;

partially offset by:

(c) the decrease in advance payment of approximately $3.0 million from a customer for an on-going project. The entire advance has been transferred and recognised as revenue during FY2010; and

(d) the decrease in finance lease liabilities of approximately $0.3 million due to repayment during FY2010.

Non-current liabilities

The decrease in non-current liabilities was due mainly to repayment of finance lease liabilities during FY2010.

Total shareholders' equity

Shareholders' equity, comprising share capital, other reserves, retained profits and non-controlling interests, increased by $9.4 million, from $59.5 million as at 31 December 2009 to $68.9 million as at 31 December 2010. The increase was largely attributable to:

(a) the profit generated from operations of approximately $16.9 million in FY2010; and

(b) the increase in share capital of approximately $3.9 million which was partially offset by the decrease in warrants reserve of approximately $0.2 million, resulting from the issuance of new shares arising from the exercise of warrants during FY2010;

partially offset by:

(c) the dividend payments to shareholders of approximately $10.6 million during FY2010; and

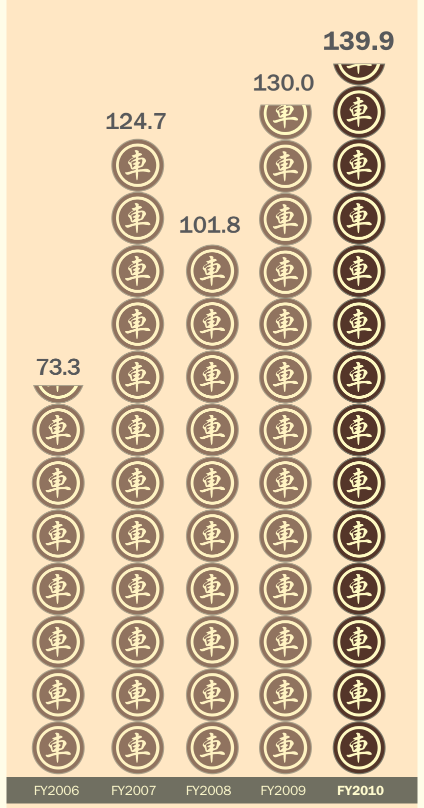
(d) the decrease in non-controlling interests arising from the acquisition of the non-controlling interest in OKP (Oil & Gas) Infrastructure Pte Ltd for a cash consideration of $0.6 million during FY2010.

Operating And Financial Review *(CONT'D)*

FINANCIAL REVIEW

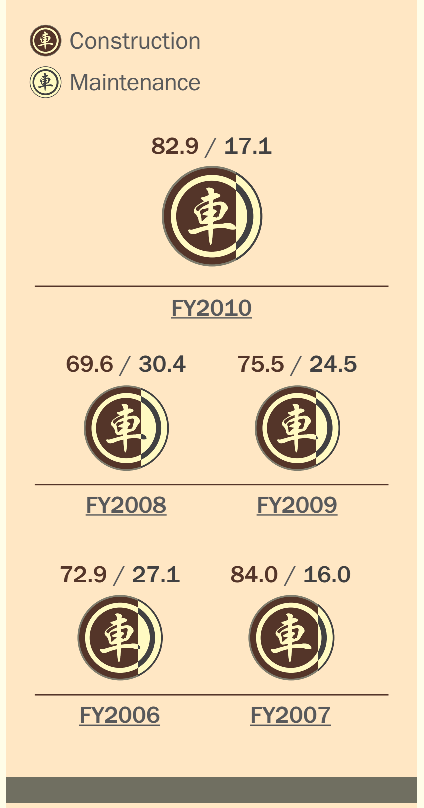
REVENUE

Revenue ($'million)



Revenue in FY2010 increased by $9.9 million or 7.6% from $130.0 million to $139.9 million. The increase was mainly due to strong growth in the construction segment.

Revenue By Business Segments (%)



Revenue from the construction segment increased by $17.8 million or 18.1% to $116.0 million in FY2010.

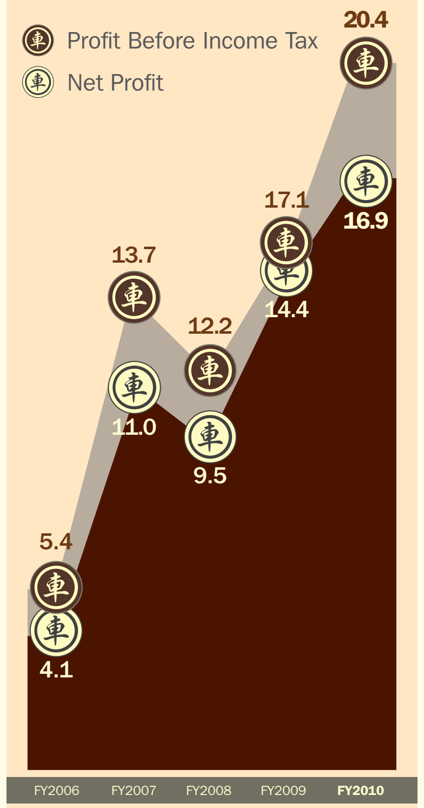
Revenue from the maintenance segment decreased by $7.9 million or 24.9% to $23.9 million.

The increase in revenue from the construction segment was mainly due to a higher percentage of revenue recognised from a few major construction projects which were in full swing in FY2010.

On a segmental basis, our construction business accounted for 82.9% of our revenue while the remaining 17.1% came from the maintenance segment.

PROFITABILITY

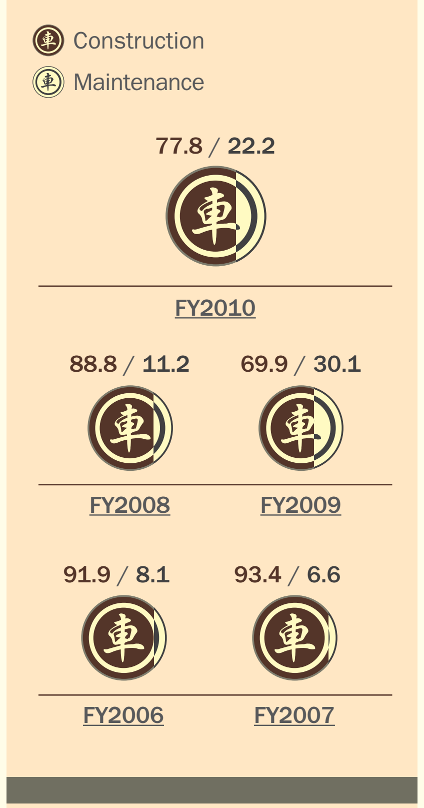
Profit Before Income Tax And Net Profit ($'million)



Profit before income tax increased by $3.3 million or 19.5% to $20.4 million in FY2010. This was due mainly to an increase in our gross profit of $6.1 million which was partially offset by a decrease in other income of $0.6 million, an increase in administrative expenses of $2.1 million and an increase in other expenses of $0.1 million.

Net profit increased by $2.4 million or 16.9% to $16.9 million compared to FY2009 following the increase in profit before income tax.

Profit By Business Segments (%)

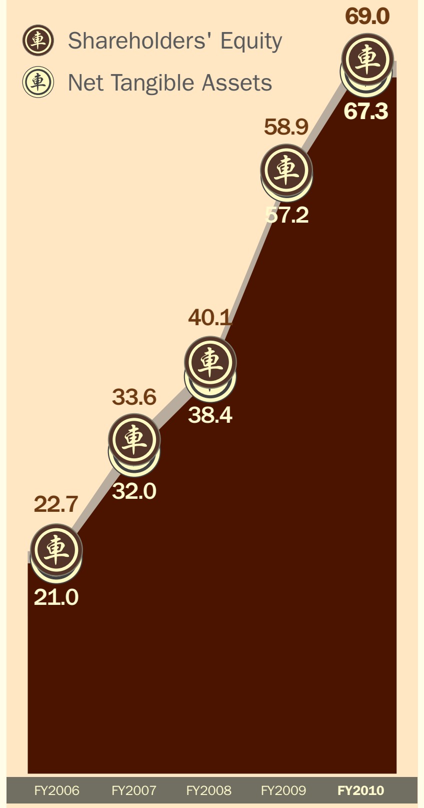


The construction segment was the main profit contributor in FY2010.

The increase in profit contributed by the construction segment was mainly due to a few major construction projects which had commanded higher gross profit margin in FY2010.

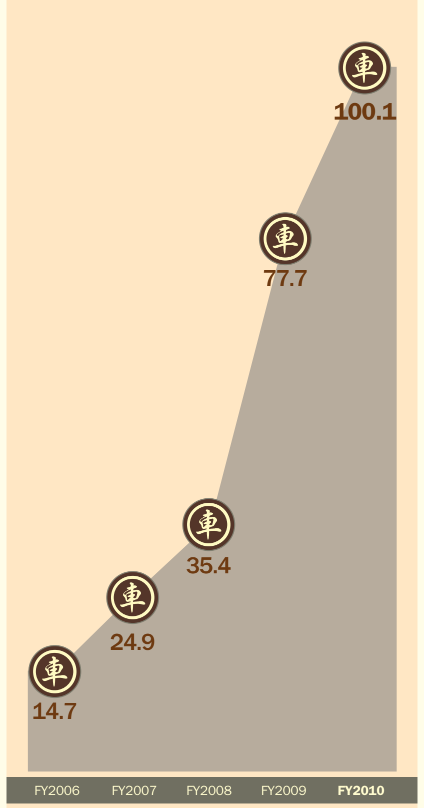
BALANCE SHEET

Shareholders' Equity And Net Tangible Assets ($'million)



As a result of higher profit generated from operations in FY2010, both shareholders' equity and net tangible assets increased to $69.0 million and $67.3 million respectively.

Cash And Cash Equivalents ($'million)



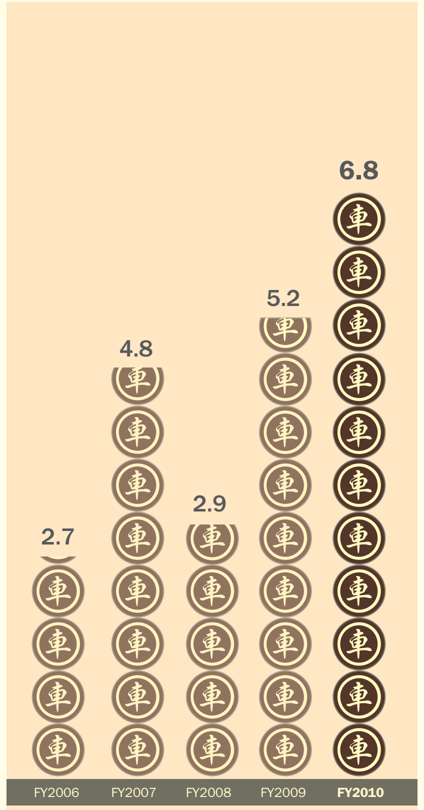
We continued to enjoy positive cash flow for FY2010. Our cash and cash equivalents stood at $100.1 million as at 31 December 2010. This is a significant increase of $22.4 million, from $77.7 million as at 31 December 2009.

Operating And Financial Review *(CONT'D)*

FINANCIAL REVIEW *(CONT'D)*

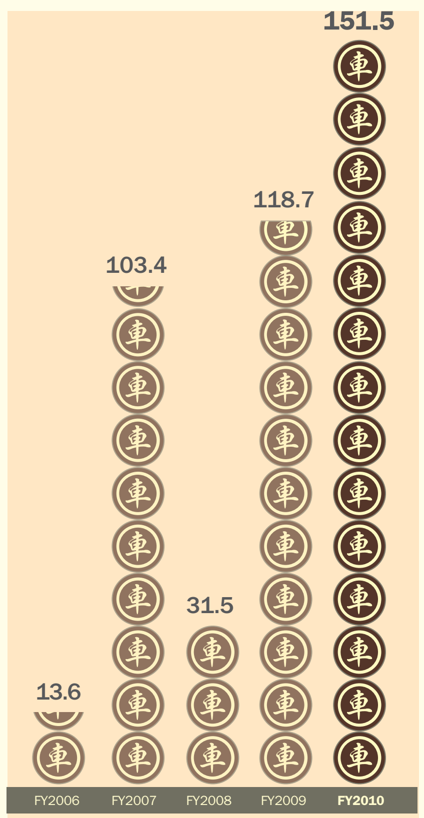
BALANCE SHEET

Capital Expenditure ($'million)



Capital expenditure for FY2010 mainly related to purchase of new property, plant and equipment to support existing and newly-awarded projects, as well as the acquisition of the property at 2A Sungei Kadut Drive Singapore 729554 for a cash consideration of $3.4 million. The said property would be used for fabrication yard, workshop, storage of construction material and office.

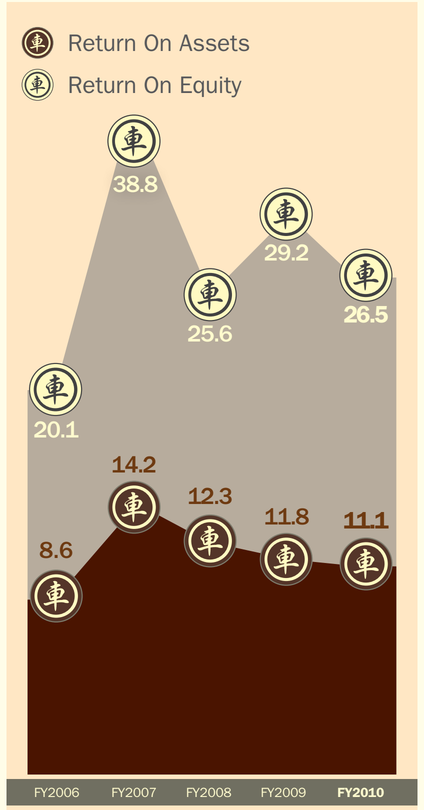
Market Capitalisation ($'million) (As At Year End)



The Group's market capitalisation stood at $151.5 million as at 31 December 2010 compared to $118.7 million as at 31 December 2009, a 27.6% increase.

FINANCIAL RATIOS-PROFITABILITY

Return On Assets (%) And Return On Equity (%)



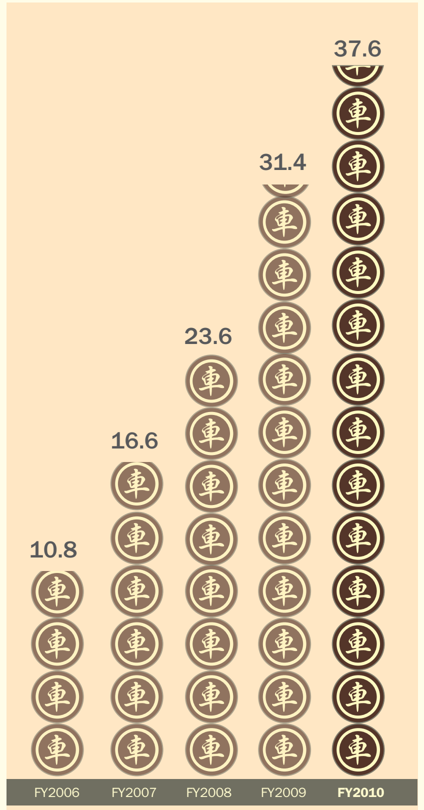
Return on assets and return on equity stood at 11.1% and 26.5% respectively for FY2010.

FINANCIAL RATIOS-LIQUIDITY

Current Ratio (Times)

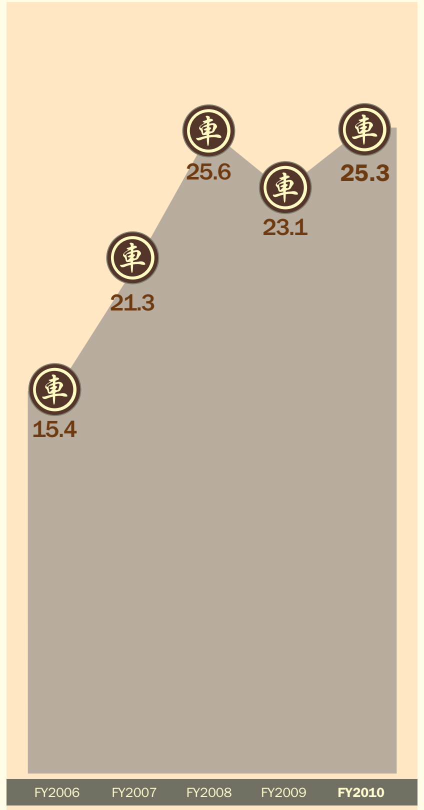
The Group continued to be strong in its short-term financial position as the current ratio stood at 1.6 times as at 31 December 2010.

Cash Per Share (Cents)



We maintained a prudent and effective cash management policy. Cash per share improved by 19.7% from 31.4 cents per share as at 31 December 2009 to 37.6 cents per share as at 31 December 2010.

Net Tangible Assets Per Share (Cents)



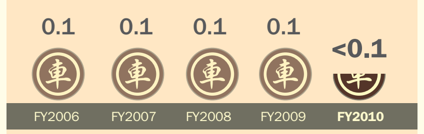
The Group's net tangible assets increased by 17.7% from $57.2 million to $67.3 million. The net tangible assets per share rose by 9.5% to 25.3 cents as at 31 December 2010. The increase was largely attributable to profits generated from operations in FY2010.

Operating And Financial Review *(CONT'D)*

FINANCIAL REVIEW *(CONT'D)*

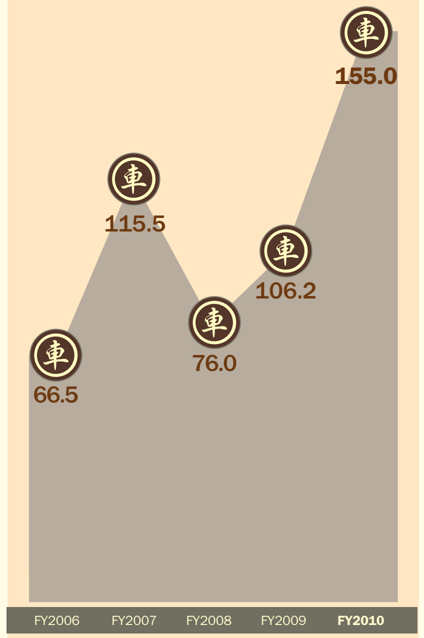
FINANCIAL RATIOS-LEVERAGE

Debt To Equity Ratio (Times)



Our debt to equity ratio is less than 0.1 times in FY2010.

Interest Cover (Times)



The Group's interest cover remained strong at 155.0 times in FY2010.

FINANCIAL RATIOS-PRODUCTIVITY

Revenue Per Employee ($'000)

Revenue per employee is $187,224 in FY2010.

Group's Quarterly Results

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year
	$'000	% of FY2010	$'000	% of FY2010	$'000	% of FY2010	$'000	% of FY2010	$'000
Revenue									
2010	33,904	24.2%	39,753	28.4%	36,599	26.2%	29,600	21.2%	139,856
2009	29,621	22.8%	31,875	24.5%	35,118	27.0%	33,368	25.7%	129,982
EBITDA									
2010	4,861	20.8%	5,853	25.0%	6,250	26.7%	6,446	27.5%	23,410
2009	4,293	21.7%	4,981	25.2%	5,561	28.2%	4,916	24.9%	19,751
Profit before income tax									
2010	4,234	20.7%	5,196	25.5%	5,529	27.0%	5,482	26.8%	20,441
2009	3,716	21.7%	4,367	25.6%	4,860	28.4%	4,161	24.3%	17,104
Profit attributable to shareholders									
2010	3,503	20.7%	4,288	25.3%	4,515	26.6%	4,646	27.4%	16,952
2009	3,183	22.0%	3,625	25.2%	4,005	27.7%	3,629	25.1%	14,442

All quarters in FY2010 reported higher revenue as compared to their corresponding quarters in FY2009 except the fourth quarter.

The lower revenue in the fourth quarter ended 31 December 2010 was due to lower precentage of revenue recognition from some construction and maintenance projects which were substantially completed.

Higher EBITDA were recorded in all quarters in FY2010 as compared to their corresponding quarters in FY2009.

All the quarters in FY2010 registered higher profit before income tax as compared to the corresponding quarters in FY2009 driven by a few projects which had commanded higher profit margin coupled with better project management and tighter cost controls in FY2010. Better profit before income tax led to higher profit attributable to shareholders for all the quarters in F2010.

Tanglin Halt Outlet Drain At North Buona Vista.

Proposed Environmental Improvement Works at Siglap Village and Upper Serangoon Road and Along the Canal at Kampong Sireh.

Corporate Liquidity And Cash Resources

GROUP'S CONSOLIDATED STATEMENT OF CASH FLOWS	FY2010 $'000	FY2009 $'000	FY2008 $'000	FY2007 $'000	FY2006 $'000
Net cash provided by operating activities	39,086	44,685	15,779	12,994	3,286
Net cash used in investing activities	(8,070)	(4,979)	(167)	(1,908)	(1,049)
Net cash (used in)/generated from financing activities	(8,264)	2,617	(5,091)	(809)	(831)
Net increase in cash and cash equivalents	22,752	42,323	10,521	10,277	1,406
Cash and cash equivalents at the beginning of the financial year	72,252	29,929	19,408	9,131	7,725
Cash and cash equivalents at the end of the financial year	**95,004**	**72,252**	**29,929**	**19,408**	**9,131**
Comprise:					
Cash at bank and on hand	12,684	12,506	11,785	8,754	2,546
Short-term bank deposits	87,390	65,235	23,625	16,109	12,110
	100,074	77,741	35,410	24,863	14,656
Short-term bank deposits pledged to banks	(5,070)	(5,489)	(5,481)	(5,455)	(5,525)
Cash and cash equivalents per consolidated statement of cash flows	**95,004**	**72,252**	**29,929**	**19,408**	**9,131**

We continued to maintain a strong balance sheet and cash flow position which would enable us to explore larger projects and investments, either here or overseas.

We generated a net cash amount of $39.1 million from operating activities in FY2010 as compared to $44.7 million in FY2009. The decrease was due mainly to a lower net working capital inflow which was partially offset by higher operating profit before working capital changes generated in FY2010.

Net cash of $8.1 million used in investing activities was for the purchase of new property, plant and equipment, financial asset, held-to-maturity and financial asset, available-for-sale and acquisition of non-controlling interest in a subsidiary which was partially offset by proceeds received from the disposal of property, plant and equipment in FY2010.

Net cash of $8.3 million used in financing activities in FY2010 included repayment of finance lease liabilities, interest payments and dividend payments to shareholders amounting to $12.0 million which was partially offset by cash proceeds from the issuance of new shares arising from the exercise of warrants.

Overall, cash and cash equivalents stood at $95.0 million as at 31 December 2010, an increase of $22.7 million from $72.3 million as at 31 December 2009. This worked out to cash of 35.7 cents per ordinary share (based on 265,823,335 ordinary shares issued) as at 31 December 2010 as compared to 29.2 cents per ordinary share (based on 247,291,408 ordinary shares issued) as at 31 December 2009.

NET INDEBTEDNESS	FY2010 $'000	FY2009 $'000	FY2008 $'000	FY2007 $'000	FY2006 $'000
Due within one year:					
Finance lease obligations	898	1,196	1,528	1,343	818
Due after one year:					
Finance lease obligations	943	1,505	2,646	2,451	1,486
Total debt	**1,841**	**2,701**	**4,174**	**3,794**	**2,304**

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

The decrease in debt amount from $2.7 million as at 31 December 2009 to $1.8 million as at 31 December 2010 was due to repayment of finance lease liabilities during FY2010.

Our new office under construction at 30 Tagore Lane Singapore 767484.

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

Our People

"One of the keys to helping new employees to make an immediate contribution upon joining our company is a successful orientation programme. In addition, a strong orientation programme contributes significantly to staff retention, as new members usually make the decision to stay with an organisation within their first six months on the job."

An organisation is only as good as the people behind it. As a service provider, our people must necessarily be our most valuable resource. It is their dedication, commitment and contributions which make OKP what it is today.

Our employees numbered 744 at 31 December 2010, and this compares with 737 at the end of 2009. Of this, 68 were in management/supervisory positions, 15 were holding administrative posts and 61 were engineers and site personnel. We also have 600 workers from other countries, adding to the depth and colour of our company.

STAFF ORIENTATION PROGRAMME

One of the keys to helping new employees to make an immediate contribution upon joining our company is a successful orientation programme. In addition, a strong orientation programme contributes significantly to staff retention, as new members usually make the decision to stay with an organisation within their first six months on the job. OKP's staff orientation policy seeks to integrate new workers by making them aware of the company's values so that they too can embrace our culture in the quickest possible time.

PEOPLE DEVELOPMENT

The future of our company thus depends much on our ability to attract, develop and retain the right people with the right skills needed to meet current and future project demands. We have, over past years, invested heavily in the development of our people through extensive training programmes to provide continuous upgrading and education to our staff.

OKP Annual Dinner 2010 held at the Grassroots' Club on 4 December 2010 was a time of bonding for OKP's staff.

OKP also pursues a consistent policy of furthering the personal development of its employees to enhance the satisfaction they derive from working with the company. Towards this end, we have created a human resources management policy that provides a clear career path for each individual, a competency framework for each job level, as well as a performance system linking individual contributions and business objectives and rewards to performance.

OCCUPATIONAL HEALTH AND SAFETY INDICATORS

Incidents of industrial injuries

OKP must have first-rate safety standards at all its construction sites – our customers demand it and our employees deserve it. A safe job site not only reduces unnecessary risks and exposure in a project, it also enhances staff's morale and improves client satisfaction levels. Reporting and monitoring of all incidents, not just those that result in an actual injury, is essential if we are to learn from past mistakes and achieve zero injuries.

Absenteeism

Prevention of absenteeism holds a high priority throughout the company. Absence not only represents direct and indirect costs, but could also be an indicator of a low level of job satisfaction and a lack of commitment. At OKP, we aim to maintain a low level of staff absenteeism by developing our people's performance at work and providing a positive working environment.

People-centric company

Becoming a market leader in the public sector construction industry and maintaining this market positioning means we need to depend continually on the performance, enthusiasm and dedication of all our people. To become an even more market-driven and people-centric company, we have been working during the year to increase organisational effectiveness and simplify communication structures across all levels and between the various business units.

OUR EMPLOYEES' PROFILE
As at 31 December

Functional	FY2010	FY2009	FY2008
Management & Supervisory ("M&S")			
– Local	8%	8%	6%
– Foreign	1%	1%	1%
Finance & Administration ("F&A")			
– Local	1%	1%	2%
– Foreign	1%	1%	0%
Site Operations ("S&O")			
– Local	9%	10%	10%
– Foreign	80%	79%	81%
	100%	100%	100%

Years of Service	FY2010	FY2009	FY2008
More than 15 years	3%	2%	1%
10 years to 14 years	8%	8%	3%
6 years to 9 years	14%	13%	10%
3 years to 5 years	27%	8%	20%
Less than 3 years	48%	69%	66%
	100%	100%	100%

Educational Qualification	FY2010	FY2009	FY2008
Degree & Above	11%	10%	8%
Diploma & Equivalent	5%	6%	6%
"O" & "A" Level & Equivalent	3%	3%	3%
Trade Certificate & Equivalent	26%	35%	36%
Secondary Level & Lower	55%	46%	47%
	100%	100%	100%

Footnotes:

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

What our people say about working at OKP:

Mr Yeung Chun Keung, Head of Projects, OKP Holdings Limited, since 2007

"I have spent my entire career in the building and construction industry and have witnessed OKP's phenomenal growth from its humble beginnings to what it is today – a market leader for infrastructure works in Singapore. At OKP, I was presented with a diversity of challenges. The management was supportive and appreciated the leadership role I played. Their confidence in me gave me the autonomy and freedom to perform to the best of my capabilities. During my time in OKP, I have been able to develop my career beyond my expectations. Truly, this is a company that provides a work environment that is conducive to growing and nurturing talent."

Mr Michael Thien Vun Fah, Project Director, Eng Lam Contractors Co. (Pte) Ltd, since 1997

"I started with the Company as a Project Engineer. From my first day at work, I knew this is the Company that I will stay for a long time. Finishing a job on time has now become a passion, and this is made possible with the great support from top management. This gives me a tremendous feeling of job satisfaction. I would say that the past 13 years have been rewarding and I am proud to have played a role in this Company in some of its milestones."

Our People *(CONT'D)*

Mr Allen Yee Chee Keong, Senior Project Manager, Or Kim Peow Contractors (Pte) Ltd, since 2001

"Throughout my employment with the Company, I have been given ample opportunities to manage projects of a different nature, magnitude and complexity. With strong technical, financial and logistics support, managing projects has been made simpler. The dedication and involvement of our Group Chairman, Mr Or and our Executive Directors in every project, through their regular site visits and informal gatherings, have cultivated in us a sense of commitment and belonging, right from the general workers up to the management team."

Mr Gary Tan Kong Hong, Senior Project Manager, Eng Lam Contractors Co. (Pte) Ltd, since 1999

"The Company has grown into one of the leading civil engineering construction companies in Singapore, and I feel proud to be a part of this team. Over the years, I have gained a lot of experience through planning and managing the Company's projects. Its efficient resource planning and work system, coupled with a team of experienced workers, has enabled me to stretch my skills and capabilities to the fullest. And I value the recognition that I receive for my contributions to the Company."

Mr Lim Han Huei, Senior Project Manager, Or Kim Peow Contractors (Pte) Ltd, since 2004

"We have grown with the Company over the years. While there are ever increasing expectations and responsibilities being entrusted to us individually, so are the support and recognition from the Company. There will always be an innate pride in us to be associated with a company that can deliver."

Mr Peter Loh Chin Seng, Site Manager, Or Kim Peow Contractors (Pte) Ltd, since 2002

"The best part about working at OKP is the great spirit of teamwork; we work really closely, like a family, on each project, ensuring the safety and welfare of each person in the team. OKP is a very caring company that I am proud to work for and tell others about. I get a lot of support from the management as well and I do appreciate it."

Mdm Lye Sook Yin, Accounts Executive, Eng Lam Contractors Co. (Pte) Ltd, since 2000

"I have been handling the accounts for 10 years now. The Company is financially healthy and I am proud to be part of it. I have caring and supportive bosses who appreciate my work. I enjoy my work very much. The best part of working here is the spirit of teamwork. Most of the people are very cooperative. I will continue to stay and grow with the Company."

Corporate Social Responsibility

As we grew and evolved as a corporation over the years, OKP has also been increasingly concerned about its role as a responsible corporate citizen. That we should consciously contribute to the community we operate in and help those who are less fortunate is a core value we want our people to embrace.

Our annual *Charities of the Year* programme actively supports multiple charities, offering our employees opportunities to be public-spirited citizens where we can do our bit for charity by participating in fundraising initiatives for specific causes and needs. Through this programme, we are able to reach out to various needy groups within the community that we live.

OKP's Charities of the Year programme saw contributions to various charities including the Singapore Children's Society and the Kidney Dialysis Foundation.

THE CHARITIES AND FUNDRAISING INITIATIVES THAT WE SUPPORT INCLUDE:

Community Chest, the fundraising division of the National Council of Social Service that raises funds for the many charities that it supports in aid of the less advantaged in the society.

Disabled People's Association, a self-funded Voluntary Welfare Organisation that helps people with disabilities to become valuable, contributing members of the society.

Handicaps Welfare Association, an organisation that is run by people with disabilities, for people with disabilities, to promote self-help and provide mutual support among the disabled in Singapore.

Kidney Dialysis Foundation, a non-profit charitable organisation providing subsidised dialysis treatment to patients who cannot afford treatment due to financial difficulties.

Leukemia & Lymphoma Foundation, helps pay for, either fully or partially, all costs related to the treatment of leukemia, lymphoma and similar blood-related disorders in its patients.

Singapore Children's Society, a non-profit organisation that helps protect and nurture children and youths, particularly those who are abused, neglected, and those from dysfunctional families.

Teen Challenge Singapore, an organisation that provides counselling, drop-in facilities for youth requiring close supervision, and residential care for individuals recovering from various forms of life-controlling problems, including teenage and adult drug and alcohol abusers.

UOB Heartbeat Fund-raising Campaign 2010, aimed at raising funds through the UOB Heartbeat Run for various Beneficiaries such as Very Special Arts and Asian Women's Welfare Association School.

Yellow Ribbon Fund, a project that was started in 2004 to help rebuild the lives of ex-offenders released from the various prisons and drug rehabilitation centres.

In the past year, we also extended our support to a sports-related association, Singapore Gymnastics, the National Sports Association for Gymnastics in Singapore. The funds raised are used to run and administer programmes for the development of gymnastics in Singapore.

Our Shareholders And Investors

OKP is focused on growth, seeking continuously to enhance shareholder value and meet shareholders' and investors' expectations. Our goal is to achieve sustainable growth, expanding both revenues and profits while maintaining a sound financial base.

Achieving these objectives means that we need to identify key factors that make for effective management. Among others, these include the ability to respond swiftly to changes in the business and macroeconomic environment, as well as listening to and exceeding our customers' expectations.

ENSURING GOOD CORPORATE GOVERNANCE

As a listed company, OKP attaches great importance to corporate governance, the practice by which we manage, steer and control the interests of all our stakeholders, i.e. shareholders, customers, employees, suppliers and business partners. We believe our approach towards corporate governance influences the depth of the company's long term value.

During the year, we took steps to improve our corporate governance framework to allow greater transparency, accelerate management decision-making processes and bolster management oversight of the Group. For example, we took to heart the criteria adopted in the Governance & Transparency Index administered by the Corporate Governance and Financial Reporting Centre of the NUS Business School. The index, divided into two broad categories of Governance and Transparency and Investor Relations ("IR"), has a set of criteria that assesses the governance and transparency of companies based on their annual announcements. The Governance section covers Board matters, remuneration matters, and accountability and audit, while the Transparency and Investor Relations portion focuses on how companies communicate with their shareholders. OKP aims to achieve the best possible score in all these areas. For more on corporate governance, please look at pages 65 to 83 of this annual report.

We also strived to disclose accurate and timely corporate and financial information, thus affording greater transparency to shareholders, investors and other interested parties. This way, they are able to be up-to-date on corporate developments, and make more informed and intelligent decisions with regard to their investments. We believe that this transparency contributes towards a better understanding of our company and activities, and allows the investing public to assess how well we perform.

IR POLICY

The fundamental precept of our IR policy is to ensure fair, open and ethical business dealings with all parties. We disclose relevant and material information according to these basic principles, in accordance with rules provided by the Singapore Exchange. Shareholders and other parties in the financial markets have equal and simultaneous access to information about matters that may influence the movements of our share price.

For excellence in IR, we have won two awards over recent years, namely:

- Best Investor Relations Award (Gold) at Singapore Corporate Awards ("SCA") 2009; and
- Best Investor Relations Award (Silver) at SCA 2008.

INVESTOR EDUCATION

OKP supports relevant investor research and education programmes that seek to bridge the gap between academia and the real business world. In this regard, OKP is proud to be the sponsor of the CIMB Investor Education Programme for 2010-2011 that seeks to provide quality investment education to CIMB's clients and the investing public though a series of seminars.

COMMUNICATING WITH SHAREHOLDERS

OKP acknowledges the importance of communicating with shareholders and investors. There are ample opportunities for communication with our shareholders, investors and other stakeholders, and these include:

Annual General Meeting (AGM)

The main platform to communicate with investors is the AGM which all Board members attend and answer questions relating to the decisions we have made as well as future directions of the business. We take full advantage of the AGM to stay in touch with our shareholders and also provide them with the opportunity to voice their questions and concerns.

Corporate Developments

We issue announcements on new contracts, strategic developments and other important information through SGXNET, press releases and email alerts. This information is also posted on our website. Our quarterly financial results and annual reports are announced and published within the mandatory reporting period, and posted on our website for easy viewing.

Analyst Briefings

The management team avail themselves to speak to and meet analysts during the release of our half-year and full-year results. We also meet analysts and fund managers who seek a better understanding of our operations as and when necessary. Where possible and when appropriate, we conduct media interviews to give shareholders and the public a deeper insight into our business. During the year, we were featured in various journals, newspapers and magazines. Some interesting stories featuring the company include:

- *"OKP posts record earnings from roadworks, eyes MRT construction deals"* (The Edge, 1 November 2010);
- *"Paving the road to better business"* (South China Morning Post, Singapore Business Report, 14 October 2010);
- *"Raising a solution to floods" (The New Paper, 13 September 2010);*
- *"8 S'pore firms debut on Best-Under-A-Billion list"* (The Business Times, 3 September 2010);
- *"OKP stays focused on core competencies, grows presence in oil and gas sector"* (Shares Investment, 20 June 2010);
- *"OKP readies itself for MRT projects; puts Africa venture on hold"* (The Edge, 17 May 2010);
- *"Building for the public sector: OKP Holdings"* (BT Supplement, 29 March 2010);
- *"Local construction boom keeps OKP at home"* (The Edge, 22 March 2010); *and*
- *"OKP Secures $5.2 Million JTC Project For Construction and Maintenance Works At Tuas"* (8 March 2010, Focus - a weekly newsletter by ShareInvestor)

Our Group Managing Director, Mr Or Toh Wat, with the Best Annual Report (Gold) Award at the SCA 2010.

During the year, OKP was featured in various publications, including The Edge Singapore, Shares Investment and South China Morning Post.

Annual Report

Our annual report and accounts and the notice of AGM are sent to shareholders at least 14 days before the meeting. We view our annual report as a vital communication tool with stakeholders and other interested parties, and thus spare no effort to ensure that it gives a clear picture of our activities during the year as well as our developments, policies and strategic direction, going forward.

Our annual reports have won numerous awards:

- Best Annual Report Award (Gold) at SCA 2010;
- Best Annual Report Award (Silver) at SCA 2009;
- Best Annual Report Award (Gold) at the Inaugural SCA 2006; and
- Second runner-up in the SESDAQ-listed companies category at the 30th Annual Report Awards 2004.

Communicating Online

Technology has provided an additional channel for communication. We use an annual webcast to communicate with our investors. In addition, we take questions online via an Online Management Question-and-Answer forum with investors through Shareinvestor.com. The company's website also provides the latest information on our operations and corporate developments. Through this avenue, all stakeholders and other interested parties are able to email their feedback and queries to management and be assured of a timely response.

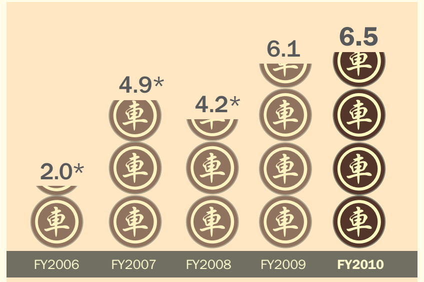
Our Shareholders And Investors *(CONT'D)*

DIVIDEND POLICY

We do not have a formal dividend policy. The form, frequency and amount of future dividend of our shares will depend on our earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as our Board of Directors may deem appropriate.

INVESTORS' RATIOS

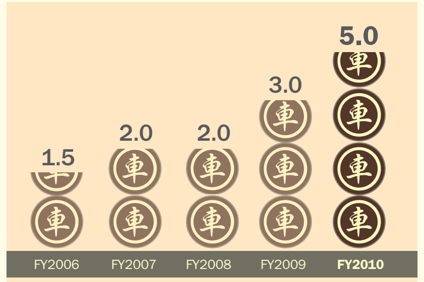
Basic Earnings Per Ordinary Share (Cents)



As a result of the increase in profit after income tax, basic earnings per ordinary share increased from 6.1 cents in FY2009 to 6.5 cents in FY2010.

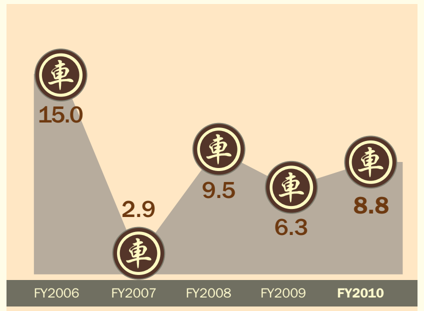
*Retrospective adjustment for bonus shares issued in FY2009

Gross Dividend Per Ordinary Share (Cents)



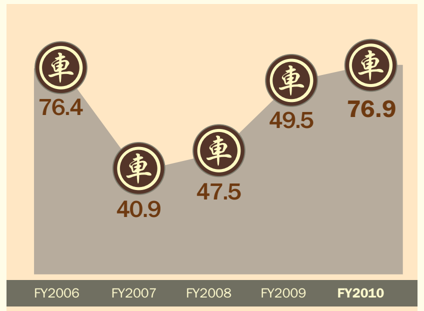
The total dividends was 5.0 cents per share for FY2010 (subject to shareholders' approval at the AGM), 2.0 cent or 66.7% higher than FY2009.

Gross Dividend Yield (%)



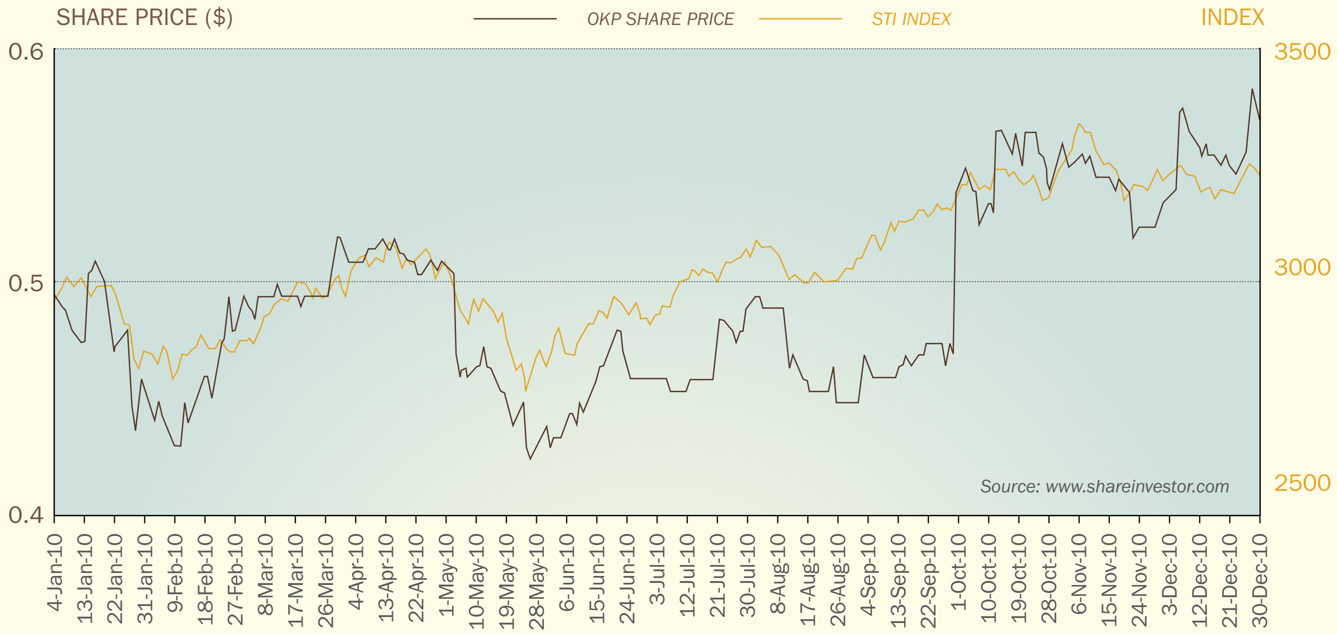
The gross dividend yield of 8.8% is calculated based on the share price of 57.0 cents as at 31 December 2010.

Gross Dividend Payout (%)



Total dividends of 5.0 cents per share for FY2010 (subject to shareholders' approval at the AGM) represent a dividend payout ratio of 76.9%.

SHARE PERFORMANCE



Share Price	2010	2009	2008*	2007*	2006*
Highest Price	$0.5950	$0.5647	$0.4180	$0.5220	$0.1113
Lowest Price	$0.4167	$0.1460	$0.1130	$0.1007	$0.0740
31 December Closing Price	$0.5700	$0.4800	$0.1540	$0.4127	$0.0953

** Restated to take into account the retrospective adjustment of bonus shares issued in FY2009*

FINANCIAL CALENDAR

FY2011			FY2010		
22	February	Announcement of full year results for financial year 2010	8	January	Listing and Quotation of Warrants on SGX-ST
1	April	Despatch of Annual Report	25	February	Announcement of full year results for financial year 2009
20	April	Ninth Annual General Meeting	1	April	Despatch of Annual Report
6	May	Books Closure for Dividend Entitlement	21	April	Eighth Annual General Meeting
27	May	Proposed Payment of FY2010 Final Dividend (subject to Shareholders' approval at AGM)	7	May	Books Closure for Dividend Entitlement
	May	Announcement of first quarter results for financial year 2011	10	May	Announcement of first quarter results for financial year 2010
	July	Announcement of second quarter and half year results for financial year 2011	27	May	Payment of FY2009 Dividend
	October	Announcement of third quarter results for financial year 2011	29	July	Announcement of second quarter and half year results for financial year 2010
			7	September	Payment of FY2010 Interim Dividend
			21	September	Extraordinary General Meeting
			25	October	Announcement of third quarter and nine months results for financial year 2010

Our Customers

At OKP, our customers always come first, and we consider it our greatest duty to safeguard the interests of our customers in all projects. This requires us to understand correctly our customers' needs. Thus, we listen to our customers intently to better comprehend their business requirements, and we give our staff the necessary autonomy to explore new ideas to address those needs.

CUSTOMER CENTRICITY

Customers have always been the principal motivation of our business. As we hone our technical competencies and fine-tune our operating procedures, our ultimate goal is to deliver the best service to our customers. When we consistently deliver on our contracts, on-time, on-budget, customers develop a sense of trust and confidence in us. We consider the trust our customers place in us a priceless asset. Indeed, for over 40 years, our customers have done so, trusting us to deliver with the highest reliability and integrity. And over the years, strong, enduring cooperative partnerships with our customers have been built.

One of the keys to our customer centric approach is to align our clients' interests with our own, and link their future success to ours. Meeting their needs, indeed, exceeding their expectations, results in a delighted customer that will return to us with repeat contracts. This cycle premises success upon success, as we continue to be a dependable provider of civil engineering and construction expertise to meet customers' needs, with the aim of being their provider of choice for all their infrastructure-related projects.

Apart from engaging our clients professionally, we believe in building relationships with them outside the boardroom. In 2010, the Land Transport Authority and OKP jointly organised a Farewell Dinner Reception for the 91st Meeting of the Road Engineering Association of Asia and Australasia ("REAAA") Governing Council. The reception, held on 12 November 2010 at the Ritz-Carlton, Millenia Singapore, saw a turnout of 100 delegates and business associates. And earlier in the year, OKP was one of the key sponsors of the 2nd World Urban Transport Leaders Summit ("WUTLS 2010"), an event organised by the LTA Academy of the Land Transport Authority. The conference, held from 30 June to 1 July 2010, attracted participants comprising top policy makers, transport chiefs, industry leaders, leading academics and transport professionals from over 30 countries.

CUSTOMER SATISFACTION IS KEY TO REPEAT BUSINESS

The solid relationships we enjoy with our customers and the repeat contracts from various customers over the years stand as proof of the customers' satisfaction with OKP's high service standards.

Our Group Managing Director, Mr Or Toh Wat (standing fourth from left) and our Executive Director, Mr Oh Enc Nam (standing third from left), with LTA Deputy Chief Executive of Infrastructure and Development, Mr Lim Bok Ngam (seated second from left) and the REAAA delegates at a Farewell Reception Dinner on 12 November 2010.

Indeed, OKP participated in the SPT Subcontractors Safety Health Environmental Security ("SHES") get-together, an event organised by ExxonMobil for its subcontractors on its Singapore Parallel Train ("SPT"), an integrated petrochemicals project on Jurong Island. An interesting part of the programme included the Symbiosis Workshop which served to build closer ties with subcontractors. Incidentally, OKP was one of the SPT's top four subcontractors in its showcase on safety at this event.

The high proportion of returning customers shows that our competitive cost position and good past performance are two of the most important criteria for winning new contracts. Many of our repeat customers put emphasis on track record and experience from past projects during the tender evaluation process and when awarding contracts for new projects.

CENTRAL FUNCTION IN CUSTOMERS' SUPPLY CHAIN

In today's competitive marketplace, our customers are frequently compelled to take swift, radical actions to improve productivity, reduce costs, and create more value in their businesses, often with limited resources.

As we continue to grow, we strive to remain true to our long-standing aim of helping customers to maximise their efficiencies by being an integral and value-adding part of their supply chain, thus helping to realise their financial and operational objectives.

With our strong track record in civil engineering infrastructure works and a market leadership in public sector construction projects, we are uniquely positioned to deliver such value-added services to our customers.

GROWING CUSTOMER BASE

OKP's customers comprise diverse organisations in the public and private sectors, offering products and services as wide-ranging as energy, utilities, transport, housing and town planning to the environment. Public sector agencies like Civil Aviation Authority of Singapore, Housing & Development Board, Jurong Town Corporation, Land Transport Authority, National Parks Board, Public Utilities Board, and Urban Redevelopment Authority, as well as private sector companies such as Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd, Far East Organisation and Angullia Development Pte. Ltd. figure among our reputable base of clientele. We look forward to expanding this list even as the company continues to grow.

Our Group Managing Director, Mr Or Toh Wat, receives a memento from Dato' Ir. Hj. Hamizan, Honorary Secretary General, REAAA at the REAAA Governing Council's Farewell Reception Dinner on 12 November 2010.

Our Senior Project Manager, Mr Lim Han Huei, receiving the company award from Mr Georges Grosliere (Venture Director, ExxonMobil) at the SHES Symbiosis.

Safety And Environmental Awareness

Our experience indicates that the best results are generated when we empower our employees to address proactively critical issues that affect workplace performance. Following these principles, we work closely with our subcontractors and suppliers towards greater accountability for their work practices.

We recognise quality, environmental, health and safety issues to be an integral part of our overall business management and are committed to ensuring the highest standards of Quality, Environmental, Health and Safety ("QEHS") performance, especially at our worksites. Thus, we make QEHS responsibility a fundamental and essential aspect of the way we do business with all our clients, subcontractors and suppliers. Our experience indicates that the best results are generated when we empower our employees to address proactively critical issues that affect workplace performance. Following these principles, we work closely with our subcontractors and suppliers towards greater accountability for their work practices.

Our QEHS Management System features the internationally recognised ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007, certifications that are preconditions for OKP to preserve our status as a Grade A1 and A2 contractor in the Civil Engineering (CW02) category with the Building and Construction Authority. To further demonstrate our commitment to safety, both our subsidiary companies, Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd have achieved the bizSAFE STAR status conferred by the Workplace Safety and Health Council (WSHC). This is the highest level awarded to enterprises for their commitment to maintaining a good Risk Management (RM) and Workplace Safety and Health (WSH) management system.

Over the years, our emphasis on QEHS has borne fruit and we have received numerous awards in recognition of our health management and occupational safety focus.

OKP has been recognised for safety by the LTA for various projects.

These include:

Certificate of Excellence from the Land Transport Authority ("LTA") at the Annual Safety Award 2009 for the "Minor Category (Civil Contracts less than $20 million)" for the widening of Central Expressway from Ang Mo Kio Avenue 1 to Ang Mo Kio Avenue 3 (Contract ER213);

Construction Safety Award 2006 from the Housing & Development Board for construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6 (Contract D/001/05);

Certificate of Merit from LTA at the Annual Safety Award 2006 for the "Major Category" for the widening of Pan-Island Expressway from Kranji Expressway to Jalan Ahmad Ibrahim (Contract PE100); and

Certificate of Excellence from LTA at the Annual Safety Award 2010 for the "Major Category (Civil contracts between $20 million to $50 million)" for the widening of Eunos Link and Jalan Eunos from Airport Road to Sims Avenue (Contract ER194).

SAFETY CULTURE

OKP remains committed to pursuing and achieving a strong and sound safety culture and instilling a mindset among our workers that encourage personal responsibility as well as responsibility towards co-workers. At the same time, management staff are expected to be good role models. We recognise that this journey to a 100% safety culture is an ongoing one and thus we remain vigilant at all times so that our workers can enjoy a safe and secure work environment.

Far left: OKP marked one million accident-free man-hours for its Central Expressway widening project (ER288) with a ceremony held at CTE worksite on 28 January 2011.

Left: Safety briefings are held regularly at worksites to drive home the safety message and to ensure that all workers keep abreast of safety regulations.

Our comprehensive construction safety programme has evolved over the years and the principles and processes behind this programme have also been fine-tuned. Some of these include:

- A vigorous subcontractor and supplier selection and approval process encompassing companies with good safety track records;
- Risk assessment procedures to identify, among other things, situations and processes that may potentially cause harm to people. After identification is made, we will evaluate how likely and severe the risk will be, and then determine the preventive measures to put in place; and
- Field safety audits at construction worksites.

In addition, every construction team has at least one member who is trained in First Aid to ensure readiness to handle any eventualities, for example, if workers need preliminary first aid when they are injured or become unwell at work. These First Aid team members go for continual upgrading courses to ensure that they are conversant and up to date with the latest procedures.

We also conduct emergency drills regularly at our worksites so that everyone is well-prepared to handle any potential incident such as fires, chemical spillages and accidents, among other things.

CONTINUOUS TRAINING

An important preventive action is safety-related training and education for staff members. We have a standard in-house safety training and education programme directed at both new entrants and existing employees to equip them with the basic requirements necessary to carry out their various functions in a safe and competent manner. Apart from this, specialised and more detailed information and training is given periodically to site safety officers to keep them updated on the latest trends in industrial safety and environmental regulations.

GREEN APPROACH

The company aims to carry out its daily business in a socially responsible way so as to reduce environmental hazards, and in so doing, respect the needs of all its stakeholders and contribute positively to the communities in which it operates.

At OKP, we make every effort to protect the environment through these ongoing efforts for all our worksites:

- Recycling and reusing construction waste;
- Managing and disposing construction waste properly;
- Maintaining construction machinery regularly to minimise carbon emissions;
- Reducing and treating waste water from construction activities in treatment plants before releasing into public drains;
- Minimising water consumption and emissions;
- Saving energy;
- Using more environmentally-friendly energy sources where possible; and
- Using eco-friendly innovations such as solar powered devices and de-sanding machines to separate sand from dredging waste.

At OKP, we are also committed to complying with all applicable environmental laws and regulations.

SUSTAINABLE QEHS

The biggest challenge in the years ahead will be for us to maintain these high standards in our QEHS system in a dynamic and rapidly changing environment.

Even as OKP has made steady progress in the marketplace, our QEHS programme too ensures that our work practices are environmentally-friendly and protects the safety and well-being of our people.

We seek to minimise pollution levels at all our worksites. At the same time, we are committed to enhancing the quality of life in the communities in which we operate.

All these are aimed ultimately at setting the standards and building the legacy to meet the needs of future generations of management and staff to carry on this practice for the long term.

FINANCIAL CONTENTS

Risk Assessment And Management

Risk management is an integral part of business management. At OKP, we place great emphasis on strengthening our risk management framework to provide reasonable assurance that risks are minimised by safeguarding the integrity of our financial reporting, integrating management control into daily operations, and ensuring compliance with legal requirements.

We are exposed to a number of possible risks that may arise from economic, market, business, and financial factors and developments. As such, our management has put in place various risk management policies and procedures to manage and mitigate the risks arising in the normal course of operations. Our risk management and mitigation plans are reviewed periodically to reflect changes in market conditions and the activities of the Group. The following are the risks that we are exposed to and how we address them:

RISKS RELATING TO OUR INDUSTRY

1. Dependence on the construction industry in Singapore

We are exposed to cyclical fluctuations in the economy as the construction business depends largely on the health of the infrastructure market in Singapore. This is in turn subject to the general health of the Singapore economy. An economic downturn could dampen general sentiments in the infrastructure market and reduce construction demand. This would invariably have an adverse effect on our business and financial performance.

The Singapore market has remained our primary source of revenue since our inception. The prevailing general economic, political, legal and social conditions would affect our financial performance and operations. As a major part of our revenue is derived from public sector projects, we would be likely to benefit from any pump–priming by the Government. The reverse is also true and any move by the Government to scale back on expenditure relating to road construction and maintenance could have a negative effect on our business.

To reduce our dependence on the construction industry in Singapore, we seek to diversify our business and expand our operations to overseas markets.

2. Dependence on the changes to applicable government policies

The services that we provide relate mainly to building safety and design standards in connection with the construction of infrastructure projects such as roads and expressways. Any change to the laws, regulations and policies affecting the construction industry, including the infrastructure market in Singapore, may affect our business and operations.

As we operate in Singapore, we are subject to the local laws and regulations and any change in Government regulations in the course of a project, such as increased controls over worksite safety and building standards, could result in our Group incurring additional costs to comply with the new regulations. Also, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the operations of our Group. All these could have an adverse effect on our project costs and financial performance.

To mitigate these risks, we would send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as new safety and building standards imposed by the regulatory authorities or clients.

3. Guidelines and regulations by Building and Construction Authority ("BCA")

We are guided and regulated by the BCA that also functions as an administrative body for tenders relating to public sector construction projects. The BCA grading is laid out in the BCA Contractors Registry System ("CRS"). There are six major groups of registration heads, namely, Construction Workheads ("CW"), Construction Related ("CR") Workheads, Mechanical & Electrical ("ME") Workheads, Maintenance Workheads ("MW"), Supply ("SY") Workheads, and Regulatory Workheads ("RW"). Within each workhead, there are different financial grades which determine a contractor's eligibility to tender for projects of stipulated values. This is based on BCA's assessment of the financial health of companies through its credit rating system. The different grades serve as a supplementary indicator of the financial standing of construction firms, with larger firms accorded the top categories of A1, A2 and B1.

Our wholly–owned subsidiary, Or Kim Peow Contractors (Pte) Ltd, is an A1–grade contractor, making it eligible for tenders of unlimited values. Another wholly–owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd was upgraded to an A2-grade contractor in 2009, making it eligible to tender for public sector construction projects with contract values of up to $85 million.

Risk Assessment And Management *(CONT'D)*

In the event that we are unable to maintain our BCA grading status, our Group would not be able to tender for public projects of the stipulated contract values under the 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. We also continually review our financials and take the necessary measures to improve our financial management where necessary.

4. Increased competition could adversely affect our competitive position

Our business is project–based and contracts are generally awarded through a tender process. The nature of our business is such that the number and value of projects that we succeed in securing fluctuate from year to year. There is no assurance that we will continue to secure new projects that are profitable. Should we fail to do so, our financial performance will be adversely affected. In addition, if 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 our expertise and experience in road construction and road maintenance put us 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 and over the years, we have demonstrated in no uncertain terms our ability to deliver superior quality, value–added services on time and within budget.

5. Price fluctuations and availability of construction materials

We are exposed to fluctuations in the prices of construction materials, which include granite, cement, ready–mix concrete, asphalt and reinforced steel bars. Fluctuations in the prices of these construction materials are a function of demand and supply, here and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements. Should there be a significant increase in the prices of construction materials or should the Group fail to secure the requisite supply of construction materials at reasonable price levels, the Group's business and profitability will be affected.

We are mindful of this risk and are constantly looking for the most competitive pricing from our suppliers for the raw materials we require. Where possible, we would lock in the prices of the raw materials for each project. Otherwise, we would include a fluctuation clause in the contract, granting us the right to adjust raw material prices should a price increase occur in the course of the project. These moves help to limit our exposure in the event of price fluctuations.

6. General risks associated with doing business outside Singapore

As we look to expand overseas, we may explore acquisitions, joint ventures, strategic alliances or investment opportunities in businesses that are complementary to our current businesses.

There are risks inherent in doing business outside Singapore, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits. Any of these could materially affect our operations overseas and consequently, our business and profitability.

Thus, we will continue 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

7. Dependence on private sector clientele for a portion of our revenue

Over the years, we have tapped on the private sector increasingly for more projects so as to lessen our reliance on the public sector. Since early 2006, we have undertaken a number of projects in the oil & gas industry in Singapore. This move sees us reducing our dependence on our public sector clientele but it has also increased the uncertainty over the timeliness of collection of trade receivables.

Our response to this is to adopt a selective approach in identifying our potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.

8. Liability claims and disputes

We are exposed to potential claims against defective workmanship, non–compliance with contract specifications or disputes over variations. Should we fail to complete any of the projects we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, financial compensation may have to be paid to our customers.

With this in mind, we spare no effort to ensure that all projects are competently managed to the highest standards. One of the ways we do this is to provide our staff with regular and relevant training.

It is a general practice that we provide our customers with retention sums or performance bonds of up to 10% of the contract value. In the event that projects are delayed, or if any claims for defects are made, whether or not due to our fault or that of our suppliers or sub–contractors, these retention sums or performance bonds could be forfeited or called upon. We have not encountered any significant claims from customers nor have we run into any material dispute over the last three financial years.

9. Exposure to cost overruns

Controlling costs is an important aspect of our business as cost overruns could erode our profit margin for a project. Should this occur, our overall profitability could be affected. The following scenarios are some examples of how a cost overrun could occur:

(i) When incorrect estimations of costs are made during the tender stage;

(ii) When unforeseen circumstances such as adverse ground conditions, unfavourable weather conditions, or unanticipated construction constraints at the worksite arise during the course of construction; and/or

(iii) When delays are experienced in the execution of projects.

As such, cost control measures are carried out at various stages during the entire project execution process to ensure that the projects are kept well within budget. Careful monitoring and quality assurance checks are also performed vigilantly to ensure that project management risks are alleviated as far as possible. We believe that our people have the right project management expertise to manage the costs related to each project effectively.

10. Dependence on foreign workers and exposure to labour shortages

The construction industry is highly labour intensive and relies substantially on skilled foreign workers. Supply and demand for such foreign labour are dependent largely on government policies and the general economic health of the host countries.

In Singapore, the supply of foreign workers is subject to the policies imposed by the Ministry of Manpower, as well as the policies of the countries in which these workers are domiciled. Changes in labour policies in these countries of origin may influence the supply of foreign labour and increase hiring costs, causing unnecessary disruptions to our operations and resulting in unwanted delays in the completion of projects. Increases in foreign workers' levies would also affect us and may increase our costs.

While we currently do not face major constraints in hiring foreign labour, we make every effort to retain those who are currently with us, for example, by enhancing their quality and skills through periodic training and upgrading.

11. Dependence on professional and skilled labour

The construction industry is dependent on skilled and experienced engineers and project staff to ensure the efficient running of the projects on-site. If we fail to retain or face difficulties in hiring people with these competencies, our revenue and profitability may be adversely affected. This problem may be more critical during times when the labour market is tight.

In any event, we continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled staff and attract new recruits.

12. Excessive warranty claims

It is a general practice in the construction industry to provide limited warranty for construction projects which covers defects and any premature wear and tear of the materials used. Rectification and repair works covered under such warranties would not be chargeable to customers.

Risk Assessment And Management *(CONT'D)*

In the event that there is a disproportionate number of warranty claims for rectification and repair works, our financial performance would be adversely affected. However, with our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past three financial years.

13. Financial risks

The Group is exposed to a variety of financial risks, namely credit risks, interest rate and foreign currency fluctuations, and liquidity risks. We have provided some details on how we manage these risks on pages 129 to 135 of the Annual Report (under the Notes to the Financial Statements).

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

Safety is paramount for all our projects, and this is especially critical in work sites related to the Oil & Gas industry, due to the nature of the operating environment. Our safety controls and guidelines follow strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety policy is based primarily on identifying and applying safe workplace practices at all work sites, for our own as well as sub–contractors' employees. We conduct regular health and safety seminars to inculcate a safety culture for staff at all levels, including new recruits, particularly in the first six months of employment. We have a pool of dedicated safety and environmental control officers, site engineers and site supervisors who have the responsibility to ensure that all workers and work sites are equipped with suitable safety management procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety personnel are prepared at all times and in the event industrial accidents happen.

We may be liable for fines and penalties if we breach workplace safety or regulatory requirements and should this occur, our operations and financial performance may be adversely affected. To prevent this from happening, we are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.

15. Sub-contracting risks

We rely on sub-contractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These sub-contractors are selected based on their competitiveness in terms of pricing, our working experience with them, and their past performance. We cannot assume that the services rendered by these sub-contractors will continue to be satisfactory or that they will meet our requirements for quality at all times.

In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our civil engineering projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and results of operations.

Corporate Governance Report

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

The Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires all listed companies to describe, in their Annual Reports, their corporate governance practices, with specific reference to the principles of the 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 explaining the deviations from the Code. The Board of Directors is pleased to confirm that the Company has adhered to the principles and guidelines 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:

Guideline 1.1 of the Code: The Board's role

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

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
- Monitoring financial performance, including approval of the full year and quarterly financial reports of the Company;
- Approving major investment and funding decisions;
- Reviewing the evaluation process on the adequacy of internal controls, risk management, financial reporting and compliance;
- Overseeing the business and affairs of the Company, establishing the strategies and financial objectives to be implemented by the Management and monitoring the performance of the Management; and
- Assuming responsibilities for corporate governance.

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

The Board is made up of one-third non-Executive Directors who are independent of the 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 interest 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.

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

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

Corporate Governance Report (CONT'D)

The Board held four scheduled meetings in the financial year ended 31 December 2010. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

Guideline 1.4 of the Code: Board to meet regularly

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2010 is disclosed below:-

		BOARD COMMITTEES		
	Board	Audit	Remuneration	Nominating
Number of scheduled meetings held	4	4	2	1
Name of Directors				
Mr Or Kim Peow	4	4	2	1
Mr Or Toh Wat	4	4	2	1
Mdm Ang Beng Tin	4	4	2	1
Mr Or Kiam Meng	4	4	2	1
Mr Oh Enc Nam	4	4	2	1
Mr Or Lay Huat Daniel	4	4	2	1
Dr Chen Seow Phun, John	4	4	2	1
Mr Nirumalan s/o Kanapathi Pillai	4	4	2	1
Mr Tan Boen Eng	4	4	2	1

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

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

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

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

Guideline 1.5 of the Code: Matters requiring Board approval

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 legislations 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.

Guidelines 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 plans and objectives. All Directors are appointed to the Board by way of a formal letter of appointment or service agreement setting out the scope of their duties and obligations.

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

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 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. Annually, each Director is required to complete a checklist to confirm his/her independence. The checklist is drawn up based on the guidelines provided in the Code. The NC adopts the Code's definition of what constitutes an independent Director in its review. One of the Directors, Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of Global Law Alliance LLC (incorporating Niru & Co) which provides legal and professional services to the Group. The NC is of the view that the business relationship with Global Law Alliance LLC will not interfere with the exercise of independent judgement by Mr Pillai in his role as an Independent Director as matters involving the Group are usually handled by the other directors of Global Law Alliance LLC.

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 with vast business or management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are found in the "Board of Directors" section of the Annual Report. The NC is 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 meet during the financial year ended 31 December 2010 without the presence of the Management as they did not deem it necessary.

Guidelines 2.5 and 2.6 of the Code: Role of non-executive directors and regular meetings of non-executive directors

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

Corporate Governance Report *(CONT'D)*

Chairman and Chief Executive Officer

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

Our Policy and Practices:

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

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

Guideline 3.2 of the Code: Chairman's role

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

- Determining the Group's strategies;
- Promoting high standards of corporate governance;
- Ensuring effective succession planning for all key positions within the Group;
- Scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Setting the meeting agenda (in consultation with the Group MD);
- Assisting in ensuring the Group's compliance with the Code;
- Ensuring that Board meetings are held when necessary; and
- Reviewing most board papers before they are presented to the Board.

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

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

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

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

The Board appointed Dr Chen Seow Phun, John as Lead Independent Director ("LID") on 1 August 2006 to lead and coordinate the activities of the Independent Directors. The LID 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 also coordinates sessions for the Independent Directors to meet. The LID is available to shareholders where they have concerns for which contact through the normal channels of the Group Chairman or Group MD has failed to resolve or for which such contact is inappropriate.

Board Membership

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

Our Policy and Practices:

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

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 Pillai, 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 requirement in Guideline 4.1 of the Code.

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

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

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

The NC is also charged with determining annually whether or not a Director is independent. Annually, each Director is required to complete a checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the Code. The NC is of the view that the non-Executive Directors are independent.

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

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

When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. 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.

Corporate Governance Report *(CONT'D)*

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 the Annual Report. In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Report" section of the Annual Report.

Guideline 4.6 of the Code: Key information regarding directors

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

Name	Age	Position	Date of initial appointment	Date of last re–election
Mr Or Kim Peow	76	Group Chairman	15 February 2002	21 April 2010
Mr Or Toh Wat	43	Group Managing Director	15 February 2002	Not Applicable
Mdm Ang Beng Tin	55	Executive Director	20 March 2002	20 April 2009
Mr Or Kiam Meng	46	Executive Director	20 March 2002	21 April 2008
Mr Oh Enc Nam	55	Executive Director	20 March 2002	21 April 2010
Mr Or Lay Huat Daniel	33	Executive Director	1 August 2006	21 April 2010
Dr Chen Seow Phun, John	57	Lead Independent Director	25 June 2002	21 April 2008
Mr Nirumalan s/o V Kanapathi Pillai	58	Independent Director	1 June 2005	20 April 2009
Mr Tan Boen Eng	78	Independent Director	25 June 2002	21 April 2010

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 the Management, especially in times of crisis and to steer the Group in the right direction.

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

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

(a) Evaluation of the effectiveness of the Board as a whole
The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist. The Board Assessment Checklist takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. 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.

(b) Evaluation of the effectiveness of individual Directors
At the end of each financial year, the NC will evaluate the performance of each Director. The criteria include the level of participation in the Company such as his commitment of time to the Board and Board Committee meetings and his performance of tasks delegated to him.

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 assessment in respect of the financial year ended 31 December 2010.

Guidelines 5.2, 5.3, 5.4 and 5.5 of the Code: Evaluation of Board's performance criteria

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. The Management provided members of the Board with quarterly 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 Directors may better understand the issues beforehand, allowing for more time at such meetings for questions that Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

Guidelines 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 unrestricted access to the Company's senior management via telephone, e-mail and meetings.

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

Directors have separate and independent access to the Company Secretary. The role of the Company Secretary is clearly defined and includes responsibility for ensuring that the Board's procedures are followed and that applicable rules and regulations are complied with. The Company Secretary administers, attends and prepares minutes of 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. He is also the channel of communications between the Company and the SGX-ST. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Guidelines 6.3 and 6.4 of the Code: Directors should have separate and independent access to Company Secretary; role of Company Secretary to be clearly defined; and appointment and removal of Company Secretary should be a matter for the Board as a whole.

Corporate Governance Report *(CONT'D)*

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

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

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Our Policy and Practices:

We believe that a framework of remuneration for the Board and key executives should be linked 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 comprises entirely Independent Directors, namely:

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

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

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

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

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 which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- To determine specific remuneration packages for each Executive Director;
- To determine the appropriateness of the remuneration of non-Executive Directors taking into consideration the level of their contribution;
- To review and recommend to the Board the terms of renewal of the service agreements of Executive Directors; and
- To consider the disclosure requirements for Directors' and key executives' remuneration as required by the SGX-ST.

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other listed companies. The RC has access to appropriate external expert advice in the field of executive compensation if necessary.

Guideline 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 component comprises basic salary plus other fixed allowances. The variable component is linked to the performance of the Company and individual. In the financial year ended 31 December 2010, variable or performance related income/bonus made up 52% to 61% of the total remuneration of each Director. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholders' value creation.

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 Directors' 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 and approved the service agreements of all the Executive Directors in the financial year ended 31 December 2010. Each of the Executive Directors has a formal service agreement which is automatically renewed on a yearly basis. There are no excessively long or onerous removal clauses in these service agreements. The service agreements may be terminated by the Company giving the Executive Director one month's notice in writing, or in lieu of notice, payment of one month's salary based on the Executive Director's last drawn salary. Executive Directors are not paid directors' fees.

Guidelines 8.3 and 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 long-term incentive schemes.

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. The Company benchmarks the Directors' annual fixed salary at the market median with the variable compensation being performance driven.

Guideline 8.5 of the Code: Remuneration comparison within industry

Corporate Governance Report *(CONT'D)*

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:

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

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

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2010 is as follows:

The level and mix of remuneration of each of Directors for the financial year ended 31 December 2010

Remuneration Band & Name of Director	Base / fixed salary*	Variable or performance related income / bonuses	Director's fees**	Director's allowance	Benefits–in–kind	Total
$750,000 to $1,000,000						
Mr Or Kim Peow	38%	52%	–	8%	2%	100%
Mr Or Toh Wat	32%	60%	–	6%	2%	100%
Mdm Ang Beng Tin	32%	60%	–	6%	2%	100%
Mr Or Kiam Meng	32%	60%	–	6%	2%	100%
Mr Oh Enc Nam	32%	61%	–	6%	1%	100%
Mr Or Lay Huat Daniel	32%	60%	–	6%	2%	100%
$250,000 to $749,999						
Nil						
Below $250,000						
Dr Chen Seow Phun, John	–	–	100%	–	–	100%
Mr Nirumalan s/o V Kanapathi Pillai	–	–	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 the financial year ended 31 December 2010 is as follows:

The level and mix of each of the Key Executives for the financial year ended 31 December 2010

Remuneration Band & Name of Key Executive	Base / fixed salary*	Variable or performance related income / bonuses	Benefits–in–kind	Total
Below $250,000				
Ms Ong Wei Wei	62%	24%	14%	100%
Mr Or Yew Whatt [(1), (3)]	67%	25%	8%	100%
Mr Oh Kim Poy [(2), (3)]	64%	22%	14%	100%

** Inclusive of allowances and Central Provident Fund contributions*

(1) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow, who is the Executive Chairman of the Company.
(2) Mr Oh Kim Poy is the brother of Mr Or Kim Peow, who is the Executive Chairman of the Company.
(3) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary of the Company.

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

No employee of the Company and its subsidiaries was an immediate family member of a Director and whose remuneration exceeded $150,000 during the financial year ended 31 December 2010. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

Guideline 9.4 of the Code: Details of employees' share schemes

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

Corporate Governance Report *(CONT'D)*

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.

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

Prompt fulfilment of statutory reporting requirements is but one way to maintain the shareholders' confidence and trust in the Board's capability and integrity. The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis. Furthermore, the Management has been providing all the Executive Directors (who represent more than 60% 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

The AC of the Company was formed on 10 July 2002 and comprises entirely Independent Directors, namely:

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

Guideline 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:

Guidelines 11.4 and 11.8 of the Code: Duties of AC

- To review the Company's independent auditor's annual audit plan to ensure that the plan covers sufficiently in terms of audit scope in the review of the significant controls of the Company;
- To review the independent auditor's reports;
- To review the cooperation 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 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 evaluate the quality of work performed by independent auditor;
- To review the Company's quarterly 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; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

The AC members were selected based on their expertise and prior experience in the area of financial management. Dr Chen Seow Phun, John is a businessman. Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of a law firm and Mr Tan Boen Eng is a certified public accountant by profession. The Board is of the view that all members of the AC have accounting or related financial management expertise and experience to discharge their responsibilities as members of the committee.

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 cooperation of the Management. The AC has full discretion to invite any Director or executive officer to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the independent auditor.

The AC met four times in the financial year ended 31 December 2010. Minutes of AC meetings are circulated to Directors by the Company Secretary.

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 and is satisfied with the standard of the independent auditor's work. The AC has also reviewed the volume of non-audit services provided to the Company by the independent auditor for which the independent auditor received fees of $19,400, 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

Corporate Governance Report *(CONT'D)*

The AC met with the independent auditor four times for the financial year ended 31 December 2010 including once in February 2011 without the presence of the Management. These meetings enable the independent auditor to raise issues encountered in the course of their work directly to the AC.

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

Whistle–Blowing Policy
The Company has put in place a whistle-blowing policy in December 2006 to provide employees with an avenue to raise concerns about possible improprieties in financial reporting or other matters, and the AC was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

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

Following the implementation of the whistle-blowing policy, a set of fraud policy which was reviewed by the AC and approved by the Board, was issued to assist the AC in managing allegations of fraud, corruption, dishonest practices or other misconduct which may be made, so that:

(a) All cases reported are objectively investigated, treated fairly and, to the extent possible, be protected from reprisal;

(b) Appropriate remedial measures are taken where warranted; and

(c) Appropriate action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

A whistle-blower email address is created for reporting suspected fraud, corruption, dishonest practices or other similar matters. Details of the whistle-blowing policies and arrangements have been made available to all employees of the Company.

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 the 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 TS Public Accounting Corporation, carried out during the course of their audit, a review of the effectiveness of the Company's material internal controls. 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:

The Company had in the past not engaged any internal auditors due to the relatively small size and operations of the Group. However, as the operations of the Group have grown substantially in the past few years, the Company intends to outsource the internal audit function to an external professional accounting firm to perform the review and test of controls of the Group's processes with effect from the current financial year. The internal auditors will report directly to the AC. The AC will review and approve the annual internal audit plans, and review the scope and the results of the internal audit performed by the internal auditors. The AC will ensure the adequacy of the internal audit function at least annually.

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

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

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

4. COMMUNICATIONS WITH SHAREHOLDERS

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 provide clear and fair disclosure of information about the Group's business developments and financial performance.

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

Corporate Governance Report *(CONT'D)*

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the SGX-ST's Listing Rules and the Companies Act. 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; and
- Online Q&A forum via the investor relations channel on financial portal at http://www.shareinvestor.com.

The Investor Relations ("IR") team regularly communicates with analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries. For details on the Group's IR activities, please refer to the IR section of the Annual Report.

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 allow a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings.

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

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

Guideline 15.2 of the Code: Company should avoid "bundling" resolutions

The Company strives to maintain a high standard of transparency and to promote better investor communications. The Board supports active shareholder participation at Annual General Meetings ("AGMs") and Extraordinary General Meetings and views such General Meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The full Annual Report is available to all shareholders on the corporate website or upon request. Notices of General Meetings will also be published in the Business Times or other newspapers.

The Group Chairman, Group Managing Director, Board Members, Group Financial Controller and Company Secretary are in attendance at AGMs to take questions and feedback from shareholders. The members of the AC, NC and RC are also present at AGMs to answer questions relating to the work of these committees. The independent auditor, Nexia TS Public Accounting Corporation, is also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report.

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

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

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 two weeks before the announcement of the Company's quarterly results or one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. Directors and all key executives are also reminded to be mindful of the law on insider trading and to ensure that their dealings in securities do not contravene the laws on insider trading under the Securities and Futures Act, and the Companies Act.

6. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of financial year ended 31 December 2010 or if not then subsisting, entered into since the end of the financial year ended 31 December 2009.

7. INTERESTED PERSON TRANSACTION

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

The AC meets quarterly to review if the Company will be entering into any interested person transaction.

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group during the financial year ended 31 December 2010.

Corporate Governance Report *(CONT'D)*

8. RISK MANAGEMENT AND PROCESSES

The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. Information relating to risk management policies and processes are set out on pages 61 to 64 of the Annual Report.

9. UTILISATION OF PROCEEDS

(i) Placement of 13.6 million new ordinary shares at $0.16821 for each share completed in February 2007 raising net proceeds of $2.20 million

Use of proceeds	Amount allocated ($'million)	Amount utilised ($'million)	Balance amount ($'million)
To fund expansion of the Group's oil, petrochemical and gas related business in Singapore	2.20	1.15	1.05

The balance unutilised proceeds are deposited with a bank pending deployment.

(ii) Placement of 15.0 million new ordinary shares at $0.45 for each share completed in May 2009 raising net proceeds of $6.75 million

Use of proceeds	Amount allocated ($'million)	Amount utilised ($'million)	Balance amount ($'million)
To be used as working capital for the Company's overseas business expansion	6.75	–	6.75

The balance unutilised proceeds are deposited with a bank pending deployment.

(iii) Issuance of 61,822,852 warrants at $0.01 for each warrant completed in January 2010 raising net proceeds of $0.62 million

Use of proceeds	Amount allocated ($'million)	Amount utilised ($'million)	Balance amount ($'million)
To be used as general working capital for the Company	0.62	–	0.62

The balance unutilised proceeds are deposited with a bank pending deployment.

(iv) Exercise of 18,531,927 warrants at $0.20 for each share as at 31 December 2010 raising net proceeds of $3.71 million

Use of proceeds	Amount allocated ($'million)	Amount utilised ($'million)	Balance amount ($'million)
To be used as general working capital for the Company	3.71	–	3.71

The balance unutilised proceeds are deposited with a bank pending deployment.

Directors' Report

for the financial year ended 31 December 2010

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2010 and the balance sheet of the Company as at 31 December 2010.

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
Nirumalan s/o V Kanapathi Pillai
Tan Boen Eng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose 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		
	As at 1.1.2010	As at 31.12.2010	As at 21.1.2011	As at 1.1.2010	As at 31.12.2010	As at 21.1.2011
The Company						
No. of ordinary shares						
Or Kim Peow	3,645,000	4,557,000	4,557,000	134,852,910	139,352,910	139,352,910
Or Toh Wat	1,857,000	2,322,000	2,322,000	–	–	–
Ang Beng Tin	1,858,500	2,323,500	2,323,500	–	–	–
Or Kiam Meng	1,857,000	2,322,000	2,322,000	–	–	–
Oh Enc Nam	666,000	833,000	833,000	–	–	–
Or Lay Huat Daniel	1,857,000	2,322,000	2,322,000	–	–	–
Chen Seow Phun, John	–	–	–	30,000	30,000	30,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D...)

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	As at 1.1.2010	As at 31.12.2010	As at 21.1.2011	As at 1.1.2010	As at 31.12.2010	As at 21.1.2011
The Company (Cont'd...)						
No. of warrants						
Or Kim Peow	–	–	–	–	29,214,000	29,214,000
Or Toh Wat	–	–	–	–	–	–
Ang Beng Tin	–	–	–	–	–	–
Or Kiam Meng	–	–	–	–	–	–
Oh Enc Nam	–	–	–	–	–	–
Or Lay Huat Daniel	–	–	–	–	–	–
Chen Seow Phun, John	–	–	–	–	8,000	8,000
Immediate and Ultimate Holding Corporation – Or Kim Peow Investments Pte. Ltd.						
No. of ordinary shares						
Or Kim Peow	97,091	97,091	97,091	–	–	–
Or Toh Wat	58,255	58,255	58,255	–	–	–
Ang Beng Tin	60,272	60,272	60,272	–	–	–
Or Kiam Meng	58,255	58,255	58,255	–	–	–
Oh Enc Nam	21,436	21,436	21,436	–	–	–
Or Lay Huat Daniel	58,255	58,255	58,255	–	–	–

By virtue of Section 7 of the Singapore Companies Act (Cap. 50) (the "Act"), Or Kim Peow is deemed to have interests 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.

Directors' Report

for the financial year ended 31 December 2010

SHARE OPTIONS AND WARRANTS

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 any 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.

Warrants

On 6 January 2010, the Company had completed a renounceable and non-underwritten rights issue of up to 61,822,852 warrants, at an issue price of $0.01 for each warrant, with each warrant carrying the right to subscribe for one new share at an exercise price of $0.20 for each new share, on the basis of one warrant for every four shares held by the entitled shareholders. The warrants were subsequently listed and quoted on the Official List of the SGX-ST on 8 January 2010.

During the financial year, 18,531,927 ordinary shares of the Company were issued for cash at $0.20 each by virtue of exercise of the warrants by the holders.

Share warrants outstanding as at 31 December 2010 totalled 43,290,925 share warrants. These may be converted into shares at the conversion rate of $0.20 for each ordinary share of no par value before the expiry date which is on 5 January 2013.

AUDIT COMMITTEE

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

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

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

The Audit Committee 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 ensure that the plan covers sufficiently in terms of audit scope in the review of the significant controls of the Company;
- To review the independent auditor's reports;
- To review the cooperation 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 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 evaluate the quality of work performed by independent auditor;
- To review the Company's quarterly 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;

AUDIT COMMITTEE (CONT'D...)

- To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

The Audit Committee met with the independent auditor four times for the financial year ended 31 December 2010 including once in February 2011 without the presence of the Management. These meetings enable the independent auditor to raise issues encountered in the course of their work directly to the Audit Committee.

In addition, the Audit Committee has, in accordance with Chapter 9 of the 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 is satisfied that the provision of such services does not affect their independence.

The Audit Committee has recommended that Nexia TS Public Accounting Corporation be nominated for re-appointment as Company's independent auditor at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Or Kim Peow
Director

Or Toh Wat
Director

17 March 2011

Statement by Directors

for the financial year ended 31 December 2010

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 91 to 138 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 2010 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

17 March 2011

Independent Auditor's Report

to the Members of OKP Holdings Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of OKP Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2010, the consolidated statement of comprehensive income, 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 information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. 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.

Independent Auditor's Report *(CONT'D)*

to the Members of OKP Holdings Limited

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2010, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Director-in-charge: Kristin YS Kim
Appointed from financial year ended 31 December 2007

Singapore
17 March 2011

Balance Sheets

as at 31 December 2010

		Group		Company	
	Note	2010	2009	2010	2009
ASSETS		$	$	$	$
Current assets					
Cash and cash equivalents	4	100,073,844	77,740,771	14,102,413	10,482,243
Trade and other receivables	5	28,446,214	26,200,535	15,506,266	11,956,852
Construction contract work-in-progress	6	2,681,092	1,902,150	–	–
		131,201,150	105,843,456	29,608,679	22,439,095
Non-current assets					
Investments in subsidiaries	7	–	–	15,174,234	14,576,089
Investments in joint ventures	8	–	–	–	–
Investment property	9	1,500,000	1,200,000	–	–
Financial asset, held-to-maturity	10	1,000,000	–	–	–
Financial asset, available-for-sale	11	725,521	–	–	–
Property, plant, and equipment	12	16,995,650	13,646,599	3,448,525	2,289,288
Intangible asset	13	1,687,551	1,687,551	–	–
		21,908,722	16,534,150	18,622,759	16,865,377
Total assets		153,109,872	122,377,606	48,231,438	39,304,472
LIABILITIES					
Current liabilities					
Trade and other payables	14	78,434,958	57,089,342	8,976,037	5,861,182
Finance lease liabilities	15	898,300	1,196,028	–	–
Current income tax liabilities	26	3,506,159	2,908,504	100,587	73,482
		82,839,417	61,193,874	9,076,624	5,934,664
Non-current liabilities					
Finance lease liabilities	15	943,165	1,505,177	–	–
Deferred income tax liabilities	16	392,748	164,146	–	–
		1,335,913	1,669,323	–	–
Total liabilities		84,175,330	62,863,197	9,076,624	5,934,664
NET ASSETS		68,934,542	59,514,409	39,154,814	33,369,808
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	27,884,776	23,993,071	27,884,776	23,993,071
Other reserves	18	448,170	618,229	432,910	618,229
Retained profits	19	40,673,991	34,306,979	10,837,128	8,758,508
		69,006,937	58,918,279	39,154,814	33,369,808
Non-controlling interests		(72,395)	596,130	–	–
Total equity		68,934,542	59,514,409	39,154,814	33,369,808

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $
Revenue	20	139,855,720	129,981,750
Cost of works	21	(110,363,151)	(106,596,087)
Gross profit		29,492,569	23,385,663
Other income	22	886,820	1,461,911
Expenses			
– Administrative		(9,629,753)	(7,509,359)
– Other		(157,698)	(49,042)
– Finance	25	(151,284)	(186,024)
Profit before income tax		20,440,654	17,103,149
Income tax expense	26	(3,559,478)	(2,665,503)
Net profit		16,881,176	14,437,646
Other comprehensive income:			
Financial asset, available-for-sale			
– Fair value gain, net of tax	18	15,260	–
Total comprehensive income		16,896,436	14,437,646
Net profit attributable to:			
Equity holders of the Company		16,951,556	14,442,037
Non-controlling interests		(70,380)	(4,391)
		16,881,176	14,437,646
Total comprehensive income attributable to:			
Equity holders of the Company		16,966,816	14,442,037
Non-controlling interests		(70,380)	(4,391)
		16,896,436	14,437,646
Earnings per share attributable to equity holders of the Company (cents per share)	27		
– Basic		6.50	6.06
– Diluted		5.91	6.06

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2010

	Note	Attributable to equity holders of the Company: Share capital $	Warrants reserve $	Fair value reserve $	Retained profits $	Total $	Non-controlling interests $	Total equity
2010								
Beginning of financial year		23,993,071	618,229	–	34,306,979	58,918,279	596,130	59,514,409
Total comprehensive income for the year		–	–	15,260	16,951,556	16,966,816	(70,380)	16,896,436
Issue of shares pursuant to exercise of warrants	17	3,891,705	(185,319)	–	–	3,706,386	–	3,706,386
Dividends	28	–	–	–	(10,584,544)	(10,584,544)	–	(10,584,544)
Acquisition of non-controlling interest in subsidiary		–	–	–	–	–	(598,145)	(598,145)
End of financial year		27,884,776	432,910	15,260	40,673,991	69,006,937	(72,395)	68,934,542
2009								
Beginning of financial year		17,243,071	–	–	22,862,161	40,105,232	600,521	40,705,753
Total comprehensive income for the year		–	–	–	14,442,037	14,442,037	(4,391)	14,437,646
Pursuant to warrants issue exercise	18	–	618,229	–	–	618,229	–	618,229
Issue of shares	17	6,750,000	–	–	–	6,750,000	–	6,750,000
Dividends	28	–	–	–	(2,997,219)	(2,997,219)	–	(2,997,219)
End of financial year		23,993,071	618,229	–	34,306,979	58,918,279	596,130	59,514,409

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $
Cash flows from operating activities			
Net profit		16,881,176	14,437,646
Adjustments for:			
– Income tax expense		3,559,478	2,665,503
– Depreciation of property, plant, and equipment		2,818,544	2,460,774
– Fair value gain on investment property		(300,000)	–
– Gain on disposal of property, plant and equipment		(65,886)	(55,226)
– Unrealised currency translation loss		37,565	–
– Interest income		(145,937)	(70,987)
– Finance expenses		151,284	186,024
Operating cash flow before working capital changes		22,936,224	19,623,734
Change in working capital			
– Trade and other receivables		(1,826,245)	(335,688)
– Construction contract work-in-progress		(778,942)	(230,123)
– Trade and other payables		21,345,616	28,169,246
Cash generated from operations		41,676,653	47,227,169
– Interest received		145,937	70,987
– Income tax paid		(2,736,347)	(2,613,701)
Net cash provided by operating activities		39,086,243	44,684,455
Cash flows from investing activities			
– Additions to property, plant and equipment		(6,407,609)	(5,106,147)
– Disposal of property, plant and equipment		679,900	127,203
– Purchase of financial asset, available-for-sale		(744,700)	–
– Purchase of financial asset, held-to-maturity		(1,000,000)	–
Acquisition of non-controlling interest in a subsidiary		(598,145)	–
Net cash used in investing activities		(8,070,554)	(4,978,944)
Cash flows from financing activities			
– Repayment of finance lease liabilities		(1,233,740)	(1,567,964)
– Finance expenses		(151,284)	(186,024)
– Dividends paid to equity holders of the Company		(10,584,544)	(2,997,219)
– Proceeds from issuance of shares		3,706,386	6,750,000
– Proceeds from warrants issue		–	618,229
Net cash (used in)/generated from financing activities		(8,263,182)	2,617,022
Net increase in cash and cash equivalents		22,752,507	42,322,533
Cash and cash equivalents at beginning of financial year		72,251,771	29,929,238
Cash and cash equivalents at end of financial year	4	95,004,278	72,251,771

The accompanying notes form an integral part of these financial statements

Notes To The Financial Statements

for the financial year ended 31 December 2010

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

The financial statements of the Group for the financial year ended 31 December 2010 were authorised for issue in accordance with resolution of the directors on 17 March 2011.

1 GENERAL INFORMATION

OKP Holdings Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited 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 7 to the financial statements.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements 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 3.

Interpretations and amendments to published standards effective in 2010

On 1 January 2010, 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as disclosed below:

(a) *FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)*

Please refer to note 2.2(i)(b) for the revised accounting policy on business combinations.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.1 Basis of preparation (Cont'd…)

(b) *FRS 27(revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)*

The revisions to FRS 27 principally change the accounting for transactions with non-controlling interests. Please refer to Notes 2.2(i)(c) for the revised accounting policy on changes in ownership interest that results in a lost of control and 2.2(ii) for that on changes in ownership interests that do not result in lost of control.

As the changes have been implemented prospectively, no adjustments were necessary to any of the amounts previously recognised in the financial statements. There were no transactions with non-controlling interests in the current financial year. Accordingly, these changes do not have any impact on the financial statements for the current financial year.

(c) *Amendment to FRS 7 Cash Flow Statements (effective for annual periods beginning on or after 1 January 2010)*

Under the amendment, only expenditures that result in a recognised asset in the balance sheet can be classified as investing activities in the statement of cash flows. Previously, such expenditure could be classified as investing activities in the statement of cash flows.

This change has been applied retrospectively. It had no material effect on the amounts presented in the statement of cash flows for the current or prior year.

2.2 Group accounting

(i) Subsidiaries

(a) ***Consolidation***

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a 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. 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.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.2 Group accounting (Cont'd…)

(i) Subsidiaries (Cont'd…)

(b) ***Acquisition of businesses***

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible asset – Goodwill" for the subsequent accounting policy on goodwill.

(c) ***Disposals of subsidiaries or businesses***

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

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

(ii) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)

2.2 Group accounting (Cont'd...)

(iii) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed when necessary to ensure consistency with the accounting policies adopted by the Group.

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

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

Building under construction is not depreciated. Depreciation on other items of property plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful Lives
Freehold properties	50 years
Leasehold property	15 years
Plant and machinery	10 years
Signboard	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 profit or loss 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 profit or loss 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 profit or loss.

2.4 Intangible asset

Goodwill on acquisitions

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 are 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, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

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 profit or loss.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)

2.5 Investment property (Cont'd...)

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Investments in subsidiaries and joint ventures

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

2.7 Impairment of non-financial assets

(i) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

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

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

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

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(ii) Property, plant and equipment
Investments in subsidiaries and joint ventures

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)

2.7 Impairment of non-financial assets (Cont'd...)

(ii) Property, plant and equipment
Investments in subsidiaries and joint ventures (Cont'd...)

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

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(b) Financial asset, held-to-maturity

Financial asset, held-to-maturity is a non-derivative financial asset with fixed or determinable payment and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial asset, the whole category would be tainted and reclassified as available-for-sale. It is presented as non-current asset, except for those maturing within 12 months after the balance sheet date which is presented as current asset.

(c) Financial asset, available-for-sale

Financial asset, available-for-sale is a non-derivative that is either designated in this category or not classified in any of the other categories. It is presented as non-current assets unless management intends to dispose of the asset within 12 months after the balance sheet date.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.8 Financial assets (Cont'd…)

(ii) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

(iii) Initial measurement

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

(iv) Subsequent measurement

Financial assets, available-for-sale is subsequently carried at fair value. Loans and receivables and financial asset, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial asset, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

(v) Impairment

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

(a) Loans and receivables/financial asset, held-to-maturity

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.8 Financial assets (Cont'd…)

(v) Impairment (Cont'd…)

(b) Financial asset, available-for-sale

In addition to the objective evidence of impairment described in Note 2.8(v)(a), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense.

2.9 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.10 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively 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 likely to be recoverable. When it is probable that total construction costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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.

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

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

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.11 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.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

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

2.13 Leases

(i) When the Group is the lessee:

The Group leases motor vehicles and certain plant and machinery under finance leases and land, under operating leases from non-related parties.

Lessee – Finance leases

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

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

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

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.13 Leases (Cont'd…)

(ii) When the Group is the lessor:

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

Lessor – Operating lease

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

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

2.14 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 collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Revenue from construction contracts

Revenue from construction contracts is recognised based on the percentage of completion method as disclosed in Note 2.10.

(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.

2.15 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an assets or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.15 Income taxes (Cont'd…)

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

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

Deferred income tax is measured:

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

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

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 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 been reliably estimated.

2.17 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 the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlements

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

(iii) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D…)

2.18 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 Dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, 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 profit or loss 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.

(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 reporting date;

(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.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 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.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D...)

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 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.

2.23 Dividends to Company's shareholders

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

2.24 Government grant

Government grant relating to expenses is deducted directly from the related expense.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(i) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill, and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 13).

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2010 were $16,995,650 (2009: $13,646,599). 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.

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

(iii) 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 surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost, as well as the 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.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Cash at bank and on hand	12,684,204	12,505,283	1,579,049	1,380,252
Short-term bank deposits	87,389,640	65,235,488	12,523,364	9,101,991
	100,073,844	77,740,771	14,102,413	10,482,243
Bank deposits pledged	(5,069,566)	(5,489,000)	–	–
Cash and cash equivalents per consolidated statement of cash flows	95,004,278	72,251,771	14,102,413	10,482,243

Bank deposits of $5,069,566 (2009: $5,489,000) are pledged to banks for banking facilities of certain subsidiaries.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

5 TRADE AND OTHER RECEIVABLES

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Trade receivables				
– Non-related parties	7,186,264	7,354,839	–	–
– Non-controlling shareholder of a subsidiary	–	233,641	–	–
– Subsidiaries	–	–	15,502,000	11,948,580
	7,186,264	7,588,480	15,502,000	11,948,580
Less: Allowance for impairment of receivables	–	(52,704)	(531,000)	(531,000)
Trade receivables – net	7,186,264	7,535,776	14,971,000	11,417,580
Construction contracts				
– Due from customers (Note 6)	16,522,613	14,721,063	–	–
– Retentions (Note 6)	3,730,840	1,642,800	–	–
	20,253,453	16,363,863	–	–
Non-trade receivables				
– Non-controlling shareholder of a subsidiary	6,377	6,377	–	–
– Subsidiaries	–	–	1,599,153	1,578,017
– Joint venture partner	33,814	–	19,000	–
– Non-related parties	228,180	1,208,452	428	749
	268,371	1,214,829	1,618,581	1,578,766
Less: Allowance for impairment of receivables	–	–	(1,097,333)	(1,094,443)
Non-trade receivables – net	268,371	1,214,829	521,248	484,323
Deposits	204,661	281,554	–	36,500
Prepayments	533,465	804,513	14,018	18,449
	28,446,214	26,200,535	15,506,266	11,956,852

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

6 CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group 2010 $	Group 2009 $
Construction contract work-in-progress		
Beginning of financial year	1,902,150	1,672,027
Contract costs incurred	111,142,093	106,826,210
Contract expenses recognised in profit or loss	(110,363,151)	(106,596,087)
End of financial year	2,681,092	1,902,150
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	229,928,466	243,326,209
Less: Progress billings	(213,405,853)	(228,605,146)
	16,522,613	14,721,063
Presented as:		
Due from customers on construction contracts (Note 5)	16,522,613	14,721,063
Advances received on construction contract (Note 14)	–	2,981,751
Retentions on construction contracts (Note 5)	3,730,840	1,642,800

7 INVESTMENTS IN SUBSIDIARIES

	Company 2010 $	Company 2009 $
Equity investments at cost		
Beginning of financial year	14,849,981	14,749,986
Acquisition of non-controlling interest in a subsidiary	598,145	–
Additional investment in a subsidiary	–	99,995
End of financial year	15,448,126	14,849,981
Less: Allowance for impairment	(273,892)	(273,892)
	15,174,234	14,576,089

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

7 INVESTMENTS IN SUBSIDIARIES (CONT'D...)

	Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2010	Equity holding 2009
	Held by the Company				
#	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%
#	OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	55%
#	United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	55%	55%
@	OKP (CNMI) Corporation	Business of general construction	Saipan, Commonwealth of the Northern Mariana Islands	96%	96%
	Held by a subsidiary				
@	United Pavement Specialists (CNMI) Corporation	Business of general construction, subcontractor	Saipan, Commonwealth of the Northern Mariana Islands	99%	99%

\# *Audited by Nexia TS Public Accounting Corporation.*

@ *Not required to be audited under the laws of the country of incorporation. However, the financial statements were audited by Nexia TS Public Accounting Corporation for consolidation purposes.*

8 INVESTMENTS IN JOINT VENTURES

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

CIF-OKP Construction and Development Pte Ltd ("CIF-OKP"), incorporated in Singapore, remains inactive as at 31 December 2010. CIF-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary, and CIF Singapore Pte Ltd, a subsidiary of China Sonangol International Limited. OKPTM has a 50% equity interest at a cost of $50,000 (2009: $50,000) in CIF-OKP.

The following amounts represent the Group's 50% share of the assets, liabilities, income and expenses of the joint ventures which are included in the consolidated balance sheet and statement of comprehensive income using the line-by-line format of proportionate consolidation:

	Group 2010 $	Group 2009 $
Assets		
– Current assets	496,013	–
Liabilities	–	–
Net asset	496,013	–
Revenue	–	–
Expenses	(4,093)	–
Loss before income tax	(4,093)	–
Income tax	–	–
Net profit	(4,093)	–
Operating cash outflows, representing total cash outflows	(17,302)	–

Name of joint ventures	Principal activities	Country of incorporation	Equity holding 2010	Equity holding 2009
Held by the subsidiaries				
CIF-OKP Construction and Development Pte Ltd	Design, construction and execution of urban developments (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd	Business of general construction	Singapore	50%	–

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

9 INVESTMENT PROPERTY

	Group 2010 $	Group 2009 $
Beginning of financial year	1,200,000	1,200,000
Fair value gain recognised in profit or loss (Note 22)	300,000	–
End of financial year	1,500,000	1,200,000

The following amounts are recognised in profit or loss:

	2010 $	2009 $
Rental income (Note 22)	41,137	47,716
Direct operating expenses arising from investment property that generated rental income	(9,913)	(6,280)

Details of the investment property are as follows:

Location	Description	Existing use	Tenure	Fair value 2010 $	Fair value 2009 $
Moulmein Road, Singapore	Apartment unit	Residential	Freehold	1,500,000	1,200,000

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 2.13).

10 FINANCIAL ASSET, HELD-TO-MATURITY

	Group 2010 $	Group 2009 $
Unlisted debt securities		
– Bonds with fixed interest of 2.22% and maturity date of 5 July 2013 – Singapore	1,000,000	–

The fair value of the bonds at the balance sheet date based on available market or common reference prices provided by the bank is $1,021,750.

11 FINANCIAL ASSET, AVAILABLE-FOR-SALE

	Group 2010 $	Group 2009 $
Additions	744,700	–
Currency translation differences	(37,565)	–
Fair value gain recognised in other comprehensive income (Note 18)	18,386	–
End of financial year	725,521	–

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

	Group 2010 $	Group 2009 $
Unlisted debt securities		
– Bonds with fixed interest of 7.875% without fixed maturity	725,521	–

The fair value of unlisted debt securities is based on available market or common reference prices provided by the bank.

12 PROPERTY, PLANT AND EQUIPMENT

	Building under construction $	Freehold properties $	Leasehold property $	Plant and machinery $	Motor vehicles $	Office equipment $	Furniture and fittings $	Signboard $	Total $
Group									
2010									
Cost									
Beginning of financial year	2,224,928	3,040,982	–	16,353,278	8,178,824	574,702	443,688	–	30,816,402
Additions	1,163,261	–	3,680,257	1,121,076	787,335	7,630	11,600	10,450	6,781,609
Disposals	–	–	–	(1,087,000)	(271,081)	–	–	–	(1,358,081)
End of financial year	3,388,189	3,040,982	3,680,257	16,387,354	8,695,078	582,332	455,288	10,450	36,239,930
Accumulated depreciation									
Beginning of financial year	–	1,173,945	–	9,093,577	5,935,866	548,581	417,834	–	17,169,803
Depreciation charge (Note 23)	–	39,765	245,350	1,516,941	997,270	8,247	9,926	1,045	2,818,544
Disposals	–	–	–	(472,986)	(271,081)	–	–	–	(744,067)
End of financial year	–	1,213,710	245,350	10,137,532	6,662,055	556,828	427,760	1,045	19,244,280
Net book value at end of financial year	3,388,189	1,827,272	3,434,907	6,249,822	2,033,023	25,504	27,528	9,405	16,995,650

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D...)

	Building under construction $	Freehold properties $	Plant and machinery $	Motor vehicles $	Office equipment $	Furniture and fittings $	Total $
Group							
2009							
Cost							
Beginning of financial year	–	3,040,982	14,403,378	7,540,021	566,722	443,688	25,994,791
Additions	2,224,928	–	2,002,900	965,339	7,980	–	5,201,147
Disposals	–	–	(53,000)	(326,536)	–	–	(379,536)
End of financial year	2,224,928	3,040,982	16,353,278	8,178,824	574,702	443,688	30,816,402
Accumulated depreciation							
Beginning of financial year	–	1,133,777	7,651,346	5,309,974	537,168	384,323	15,016,588
Depreciation charge (Note 23)	–	40,168	1,463,431	912,251	11,413	33,511	2,460,774
Disposals	–	–	(21,200)	(286,359)	–	–	(307,559)
End of financial year	–	1,173,945	9,093,577	5,935,866	548,581	417,834	17,169,803
Net book value at end of financial year	2,224,928	1,867,037	7,259,701	2,242,958	26,121	25,854	13,646,599

	Building under construction $	Motor vehicles $	Office equipment $	Furniture and fittings $	Total $
Company					
2010					
Cost					
Beginning of financial year	2,224,929	66,488	10,886	8,247	2,310,550
Additions	1,163,261	–	7,630	4,800	1,175,691
End of financial year	3,388,190	66,488	18,516	13,047	3,486,241
Accumulated depreciation					
Beginning of financial year	–	13,297	4,126	3,839	21,262
Depreciation charge	–	13,298	1,852	1,304	16,454
End of financial year	–	26,595	5,978	5,143	37,716
Net book value at end of financial year	3,388,190	39,893	12,538	7,904	3,448,525
2009					
Cost					
Beginning of financial year	–	–	10,886	8,247	19,133
Additions	2,224,929	66,488	–	–	2,291,417
End of financial year	2,224,929	66,488	10,886	8,247	2,310,550
Accumulated depreciation					
Beginning of financial year	–	–	3,038	3,013	6,051
Depreciation charge	–	13,297	1,088	826	15,211
End of financial year	–	13,297	4,126	3,839	21,262
Net book value at end of financial year	2,224,929	53,191	6,760	4,408	2,289,288

12 PROPERTY, PLANT AND EQUIPMENT (CONT'D...)

(i) As at 31 December 2010, the details of the Group and the Company's building under construction with a freehold tenure are as follows:

Location	Description	Intended use	Stage of completion	Expected date of completion	Site area (sq. m)	Gross floor area	Group's effective interest in the property
30 Tagore Lane, Singapore 787484	4–storey building	Office	32%	April 2011	499	998	100%

(ii) As at 31 December 2010, the details of the Group's freehold and leasehold properties are as follows:

Properties/ Location	Nature	Purpose	Approximate Built-in area (in sq. ft.)	Net carrying value 2010 $	Net carrying value 2009 $
No. 6 Tagore Drive #B1-05 Tagore Building Singapore 787623	Freehold	Office	2,486	858,784	878,785
No. 6 Tagore Drive #B1-06 Tagore Building Singapore 787623	Freehold	Office	2,626	968,487	988,252
2A Sungei Kadut Drive Singapore 729554	Leasehold	Fabrication yard/ workshop/office	55,865	3,434,907	–

(iii) Included in additions in the consolidated financial statements are plant and machinery, and motor vehicles acquired under finance leases amounting to $115,000 (2009: $95,000) and $259,000 (2009: Nil) respectively.

The carrying amount of plant and machinery, and motor vehicles held under finance leases are $2,001,444 (2009: $3,226,510) and $880,876 (2009: $580,983) respectively, at the balance sheet date.

(iv) Finance lease liabilities are secured on freehold property of the Group with carrying amount of $968,487 (2009: $988,252).

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

13 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	
	2010	2009
	$	$
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 segment-level summary of the goodwill allocation is as follows:

	2010	2009
	$	$
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	15% – 25%	5% – 10%
Growth rate	15% – 20%	3% – 5%
Discount rate	7%	7%

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.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Trade payables	60,445,075	38,155,796	258,499	192,774
Non-trade payables				
– Subsidiaries	–	–	5,045,111	3,038,094
– Non-controlling shareholder of a subsidiary	646,876	646,876	–	–
	646,876	646,876	5,045,111	3,038,094
Construction Contracts				
– Advances received (Note 6)	–	2,981,751	–	–
Accrued operating expenses	17,206,185	15,189,101	3,672,427	2,625,345
Other payables	136,822	115,818	–	4,969
	78,434,958	57,089,342	8,976,037	5,861,182

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

15 FINANCE LEASE LIABILITIES

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Minimum lease payments due:				
– Not later than one year	1,009,472	1,343,334	–	–
– Between one and five years	1,055,103	1,697,289	–	–
	2,064,575	3,040,623	–	–
Less: Future finance charges	(223,110)	(339,418)	–	–
Present value of finance lease liabilities	1,841,465	2,701,205	–	–

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
– Not later than one year	898,300	1,196,028	–	–
– Between one and five years	943,165	1,505,177	–	–
Total	1,841,465	2,701,205	–	–

Security granted

Finance lease liabilities of the Group are effectively secured over the leased plant and machinery, and motor vehicles (Note 12), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

16 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	
	2010 $	2009 $
Deferred income tax assets to be recovered within one year	(88,306)	(44,239)
Deferred income tax liabilities to be settled after one year	481,054	208,385
	392,748	164,146

Movement in deferred income tax account is as follows:

	Group	
	2010 $	2009 $
Beginning of financial year	164,146	149,354
Effects of change in Singapore tax rate in profit or loss (Note 26)	–	(8,297)
Tax charged to		
– profit or loss (Note 26)	43,650	23,089
– equity (Note 18)	3,126	–
	46,776	23,089
Under provision in prior financial years (Note 26)	181,826	–
End of financial year	392,748	164,146

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 $	Fair value gain $	Provisions and allowances $	Total $
2010				
Beginning of financial year	297,759	–	(133,613)	164,146
Tax charged to				
– profit or loss (Note 26)	43,650	–	–	43,650
– equity (Note 18)	–	3,126	–	3,126
	43,650	3,126	–	46,776
Under provision in prior financial years	136,519	–	45,307	181,826
End of financial year	477,928	3,126	(88,306)	392,748
2009				
Beginning of financial year	221,781	–	(72,427)	149,354
Effects of change in Singapore tax rate recognised in profit or loss	(12,321)	–	4,024	(8,297)
Tax charged/(credited) to profit or loss	88,299	–	(65,210)	23,089
End of financial year	297,759	–	(133,613)	164,146

17 SHARE CAPITAL

	No. of ordinary shares	Amount $
Group and Company		
2010		
Beginning of financial year	247,291,408	23,993,071
Issue of new shares	18,531,927	3,891,705
End of financial year	265,823,335	27,884,776
2009		
Beginning of financial year	149,860,940	17,243,071
Issue of new shares	15,000,000	6,750,000
Issue of bonus shares	82,430,468	–
End of financial year	247,291,408	23,993,071

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company issued during the year 18,531,927 ordinary shares at $0.20 per share upon the exercise of 18,531,927 warrants with an exercise price of $0.01 for each warrant (Note 18).

On 26 May 2009, the Company issued 15 million new ordinary shares for a total consideration of $6,750,000 for cash pursuant to the Subscription Agreement dated 17 April 2009.

On 30 November 2009, the Company issued 82,430,468 new ordinary shares as “Bonus Shares” pursuant to the bonus issue exercise on the basis of one Bonus Share for every two ordinary shares held by the entitled shareholders.

The newly issued shares ranked *pari passu* in all respects with the previously issued shares.

18 OTHER RESERVES

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
(a) Composition:				
Warrants reserve	432,910	618,229	432,910	618,229
Fair value reserve	15,260	–	–	–
	448,170	618,229	432,910	618,229

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

18 OTHER RESERVES (CONT'D...)

(b) Movements:

(i) Warrants reserve

	Group and Company	
	2010	2009
	$	$
Beginning of financial year	618,229	–
Warrants issued*	–	618,229
Warrants exercised (Note 17)	(185,319)	–
End of financial year	432,910	618,229

* *The warrants issued represent the amount of cash received from the subscribers as at 31 December 2009 prior to the issuance of warrants.*

On 6 January 2010, the Company had completed a renounceable and non-underwritten rights issue of up to 61,822,852 warrants, at an issue price of $0.01 for each warrant, with each warrant carrying the right to subscribe for one new share at an exercise price of $0.20 for each new share, on the basis of one warrant for every four shares held by the entitled shareholders. The warrants will expire on 5 January 2013. The warrants were subsequently listed and quoted on the Official List of the SGX-ST on 8 January 2010.

Share warrants outstanding as at 31 December 2010 totaled 43,290,925 share warrants. These may be converted into shares at the conversion rate of $0.20 for each ordinary share of no par value before the expiry which is on 5 January 2013.

(ii) Fair value reserve

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Financial asset, available-for-sale				
– Fair value gain (Note 11)	18,386	–	–	–
– Tax on fair value gain (Note 16)	(3,126)	–	–	–
End of financial year	15,260	–	–	–

19 RETAINED PROFITS

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

(b) Movement in retained profits for the Company is as follows:

	Company	
	2010	2009
	$	$
Beginning of financial year	8,758,508	3,721,038
Net profit	12,663,164	8,034,689
Dividends paid (Note 28)	(10,584,544)	(2,997,219)
End of financial year	10,837,128	8,758,508

20 REVENUE

	Group	
	2010	2009
	$	$
Revenue from construction	115,977,114	98,184,123
Revenue from maintenance	23,878,606	31,797,627
	139,855,720	129,981,750

21 COST OF WORKS

Included in the cost of works are the following:

	Group	
	2010	2009
	$	$
Depreciation of property, plant and equipment	2,467,774	2,208,880
Employee compensation costs		
– Salaries and bonuses	16,492,399	15,032,457
– Employer's contribution to defined contribution plans including Central Provident Fund	1,892,138	1,592,229

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

22 OTHER INCOME

	Group 2010 $	Group 2009 $
Interest income		
– bank deposits	111,040	70,987
– financial asset, held-to-maturity	11,921	–
– financial asset, available-for-sale	22,976	–
	145,937	70,987
Rental income		
– investment property (Note 9)	41,137	47,716
– machinery	45,627	24,330
	86,764	72,046
Fair value gain on investment property (Note 9)	300,000	–
Gain on disposal of property, plant and equipment	65,886	55,226
Reversal of allowance for impairment of trade receivables	–	1,087,724
Other	288,233	175,928
	886,820	1,461,911

23 EXPENSES BY NATURE

	Group 2010 $	Group 2009 $
Purchases of materials	13,765,406	19,270,424
Sub-contractors' cost	66,667,589	60,576,167
Depreciation of property, plant and equipment (Note 12)	2,818,544	2,460,774
Employees compensation (Note 24)	25,396,414	21,949,078
Professional fees	2,463,405	2,311,810
Property tax	36,300	9,493
Worksite expenses	1,331,280	1,593,911
Rental expense on operating lease	1,618,350	1,481,962
Other expenses	6,053,314	4,500,869
Total cost of works, administrative and other expenses	120,150,602	114,154,488

24 EMPLOYEE COMPENSATION

	Group 2010 $	Group 2009 $
Salaries and bonuses	23,400,522	20,638,560
Employer's contribution to defined contribution plans including Central Provident Fund	2,088,746	1,751,996
Government Grant – Job credit scheme	(92,854)	(441,478)
	25,396,414	21,949,078

The Jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The amount an employer can receive depends on the fulfillment of certain conditions under the scheme.

25 FINANCE EXPENSES

	Group 2010 $	Group 2009 $
Interest expense		
– Finance lease liabilities	151,284	186,024

26 INCOME TAXES

(a) Income tax expense

	Group 2010 $	Group 2009 $
Tax expense attributable to profit is made up of:		
– Profit from current financial year:		
– Current income tax – Singapore	3,414,000	2,818,000
– Deferred income tax (Note 16)	43,650	14,792
	3,457,650	2,832,792
– (Over)/under provision in prior financial years:		
– Current income tax – Singapore	(79,998)	(167,289)
– Deferred income tax (Note 16)	181,826	–
	3,559,478	2,665,503

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

26 INCOME TAXES (CONT'D...)

(a) Income tax expense (Cont'd...)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group 2010 $	Group 2009 $
Profit before income tax	20,440,654	17,103,149
Tax calculated at a tax rate of 17% (2009: 17%)	3,474,911	2,907,535
Effects of:		
– Change in Singapore tax rate (Note 16)	–	(8,297)
– Tax exemption	(77,775)	(77,775)
– Income not subject to tax	(85,777)	(96,931)
– Expenses not deductible for tax purposes	107,545	33,111
– Deferred income tax assets not recognised	80,862	30,522
– Other	(42,116)	44,627
	3,457,650	2,832,792

(b) Movement in current income tax liabilities

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Beginning of financial year	2,908,504	2,871,494	73,482	72,812
Income tax paid	(2,736,347)	(2,613,701)	(47,834)	(57,539)
Tax expense	3,414,000	2,818,000	94,000	67,000
Over provision in prior financial years	(79,998)	(167,289)	(19,061)	(8,791)
End of financial year	3,506,159	2,908,504	100,587	73,482

27 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2010 $	Group 2009 $
Net profit attributable to equity holders of the Company	16,951,556	14,442,037
Weighted average number of ordinary shares outstanding for basic earnings per share	260,786,150	238,291,408
Basic earnings per share (cents per share)	6.50	6.06

Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has warrants as potential dilutive ordinary shares.

The weighted average number of shares on issue has been adjusted as if all dilutive warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

	Group 2010 $	Group 2009 $
Net profit attributable to equity holders of the Company	16,951,556	14,442,037
Weighted average number of ordinary shares outstanding for basic earnings per share	260,786,150	238,291,408
Adjustments for		
– Warrants	25,829,039	28,787
	286,615,189	238,320,195
Diluted earnings per share (cents per share)	5.91	6.06

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

28 DIVIDENDS

	Group and Company	
	2010	2009
	$	$
Ordinary dividends paid		
First and final one-tier tax exempt dividend paid in respect of the previous financial year of 2.0 cents (2009: 2.0 cents) per share	5,291,330	2,997,219
Special one-tier tax exempt dividends paid in respect of the previous financial year of 1.0 cent (2009: Nil) per share	2,645,665	–
Interim one-tier tax exempt dividend in respect of current financial year of 1.0 cent (2009: Nil) per share	2,647,549	–
	10,584,544	2,997,219

At the Annual General Meeting on 20 April 2011, a final tax exempt (one-tier) dividend of 2.0 cents per share and a special tax exempt (one-tier) dividend of 2.0 cent per share amounting to a total of approximately $10,632,933 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2011.

29 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	
	2010	2009
	$	$
Professional fees paid to Global Law Alliance LLC (incorporating Niru & Co.)	–	3,500

Mr. Nirumalan s/o Kanapathi Pillai, who is an independent director of the Company, is the Senior Director of Global Law Alliance LLC. ("GLA"). The professional fee paid to GLA 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	
	2010	2009
	$	$
Wages and salaries	6,078,565	4,513,530
Employer's contribution to defined contribution plans including Central Provident Fund	81,315	79,675
	6,159,880	4,593,205

Included in the above is total compensation to directors of the Company amounting to $5,097,452 (2009: $3,711,944).

30 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

(i) Market risk

(a) *Currency risk*

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

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

	SGD	USD	Total
	$	$	$
At 31 December 2010			
Financial assets			
Cash and cash equivalents and financial asset, available-for-sale	98,362,228	2,437,137	100,799,365
Trade and other receivables	27,906,372	6,377	27,912,749
Inter-company balances	22,010,391	4,229,339	26,239,730
Other financial assets	1,000,000	–	1,000,000
	149,278,991	6,672,853	155,951,844
Financial liabilities			
Finance lease liabilities	1,841,465	–	1,841,465
Inter-company balances	22,010,391	4,229,339	26,239,730
Other financial liabilities	77,093,243	1,341,715	78,434,958
	100,945,099	5,571,054	106,516,153
Net financial assets	48,333,892	1,101,799	49,435,691
Add: Net non-financial assets	19,592,483	(93,632)	19,498,851
Currency profile including non– financial assets and liabilities	67,926,375	1,008,167	68,934,542
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	452,552	2,427,594	2,880,146

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

30 FINANCIAL RISK MANAGEMENT (CONT'D...)

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

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

	SGD $	USD $	Total $
At 31 December 2009			
Financial assets			
Cash and cash equivalents	75,782,659	1,958,112	77,740,771
Trade and other receivables	25,389,645	6,377	25,396,022
Inter-company balances	9,534,060	4,107,630	13,641,690
	110,706,364	6,072,119	116,778,483
Financial liabilities			
Finance lease liabilities	2,701,206	–	2,701,206
Inter-company balances	9,534,060	4,107,630	13,641,690
Other financial liabilities	55,750,774	1,338,568	57,089,342
	67,986,040	5,446,198	73,432,238
Net financial assets	42,720,323	625,921	43,346,245
Add: Net non-financial assets	16,261,796	(93,632)	16,168,164
Currency profile including non– financial assets and liabilities	58,982,119	532,289	59,514,409
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	14,363	1,948,352	1,962,715

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

	SGD $	USD $	Total $
At 31 December 2010			
Financial assets			
Cash and cash equivalents	13,356,271	746,142	14,102,413
Trade and other receivables	15,492,248	–	15,492,248
	28,848,519	746,142	29,594,661
Financial liabilities			
Other financial liabilities	8,976,037	–	8,976,037
Net financial assets	19,872,482	746,142	20,618,624
Add: Net non-financial assets	18,536,190	–	18,536,190
Currency profile including non-financial assets and liabilities	38,408,672	746,142	39,154,814
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	–	746,142	746,142

	SGD $	USD $	Total $
At 31 December 2009			
Financial assets			
Cash and cash equivalents	9,660,457	821,786	10,482,243
Trade and other receivables	11,938,403	–	11,938,403
	21,598,860	821,786	22,420,646
Financial liabilities			
Other financial liabilities	5,861,182	–	5,861,182
Net financial assets	15,737,678	821,786	16,559,464
Add: Net non-financial assets	16,810,344	–	16,810,344
Currency profile including non-financial assets and liabilities	32,548,022	821,786	33,369,808
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities functional currencies	–	821,786	821,786

If the USD has strengthened/weakened by 2% (2009: 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. The Group's and Company's major classes of financial assets are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

30 FINANCIAL RISK MANAGEMENT (CONT'D…)

(ii) Credit risk (Cont'd…)

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 1 customer (2009: 2 customers) and 1 customer (2009: 2 customers) respectively that individually represented more than 10% of trade receivables.

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

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
By geographical areas				
Singapore	7,186,264	7,535,776	14,971,000	11,417,580
By types of customers				
Non-related parties				
– Government bodies	6,487,496	4,416,440	–	–
– Non-government bodies	698,768	2,885,695	–	–
Non-controlling shareholder of a subsidiary	–	233,641	–	–
Subsidiaries	–	–	14,971,000	11,417,580
	7,186,264	7,535,776	14,971,000	11,417,580

(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.

30 FINANCIAL RISK MANAGEMENT (CONT'D…)

(ii) Credit risk (Cont'd…)

(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	
	2010	2009	2010	2009
	$	$	$	$
Past due 0 to 3 months	9,578	75,209	–	–
Past due 3 to 6 months	8,807	39,875	–	–

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

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Gross amount	–	52,548	531,000	531,000
Less: Allowance for impairment	–	(52,548)	(531,000)	(531,000)
	–	–	–	–
Beginning of financial year	52,548	1,195,729	531,000	531,000
Allowance utilised	(52,548)	(1,143,181)	–	–
End of financial year	–	52,548	531,000	531,000

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.

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

30 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 2010			
Trade and other payables	78,434,958	–	–
Finance lease liabilities	1,009,472	978,461	76,642
	79,444,430	978,461	76,642
At 31 December 2009			
Trade and other payables	57,089,342	–	–
Finance lease liabilities	1,343,334	1,525,040	172,249
	58,432,676	1,525,040	172,249

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $
Company			
At 31 December 2010			
Trade and other payables	8,976,037	–	–
At 31 December 2009			
Trade and other payables	5,861,182	–	–

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

30 FINANCIAL RISK MANAGEMENT (CONT'D...)

(iv) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder'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 2009, 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	
	2010 $	2009 $	2010 $	2009 $
Net debt	–	–	–	–
Total equity	68,934,542	59,514,409	39,154,814	33,369,808
Total capital	68,934,542	59,514,409	39,154,814	33,369,808
Gearing ratio	–	–	–	–

31 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. Currently, the business segments operate only in Singapore.

Other service included in Singapore is investment holding, which is not included within the reportable operating segments, as this is not included in the reports provided to the Board of Directors. The result of this operation, if any, is included in the "all other segments" column.

The Group's activities comprise the following reportable segments:

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

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

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

31 SEGMENT INFORMATION (CONT'D...)

	31 December 2010				31 December 2009			
	Construction $'000	Maintenance $'000	All other segments $'000	Total $'000	Construction $'000	Maintenance $'000	All other segments $'000	Total $'000
Group								
Revenue								
Total segment revenue	115,977	26,118	–	142,095	98,187	35,228	–	133,415
Inter-segment revenue	–	(2,239)	–	(2,239)	(3)	(3,430)	–	(3,433)
Revenue to external parties	115,977	23,879	–	139,856	98,184	31,798	–	129,982
Gross profit	22,943	6,549	–	29,492	16,336	7,050	–	23,386
Other income				887				1,462
Unallocated costs				(9,788)				(7,559)
				20,591				17,289
Finance expenses				(151)				(186)
Profit before income tax				20,440				17,103
Income tax expense				(3,559)				(2,665)
Net profit				16,881				14,438
Segment assets	22,219	9,628	–	31,847	21,569	6,937	–	28,506
Segment liabilities	58,527	12,976	–	71,503	39,702	11,774	–	51,476

Revenue between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

The Board of Directors assesses the performance of the operating segments based on gross profit. Administrative and finance expenses, and other income are not allocated to segments.

Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the intangible asset, construction contract work in progress, and trade receivables. All assets are allocated to reportable segments other than cash and cash equivalents, deposits, prepayments, other receivables, investment property, financial asset, available-for-sale, financial asset, held-to-maturity, and property, plant and equipment.

	2010 $'000	2009 $'000
Segment assets for reportable segments	31,847	28,506
Unallocated:		
– Cash and cash equivalent	100,074	77,741
– Deposits, prepayments, and other receivables	967	1,283
– Investment property	1,500	1,200
– Financial asset, held to maturity	1,000	–
– Financial asset, available-for-sale	726	–
– Property, plant and equipment	16,996	13,647
	153,110	122,377

31 SEGMENT INFORMATION (CONT'D...)

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities, and finance lease liabilities.

	2010 $'000	2009 $'000
Segment liabilities for reportable segments	71,503	51,476
Unallocated:		
– Other payables	6,932	5,613
– Income tax liabilities	3,506	2,909
– Deferred income tax liabilities	393	164
– Finance lease liabilities	1,841	2,701
	84,175	62,863

32 COMMITMENTS

(i) Capital Commitments

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

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Property, plant and equipment	2,180,274	2,918,661	3,378,359	4,496,296

(ii) Operating lease commitments – where the Group is a lessee

The Group leases land from non-related party under non-cancellable operating lease agreement.

The future minimum lease payables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2010 $	2009 $
Not later than one year	95,337	–
Between one and five years	381,348	–
Later than five years	881,868	–
	1,358,553	–

Notes To The Financial Statements *(CONT'D)*

for the financial year ended 31 December 2010

33 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)
- Amendments to FRS 32 Financial instruments: Presentation – classification of rights issues (effective for annual periods beginning on or after 1 February 2010)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the amendments to FRS 24 – Related party disclosures.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will also mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. It is therefore not possible to disclose the financial impact, if any, of the amendment on the related party disclosures.

Letter to Shareholders

OKP HOLDINGS LIMITED
胡金標控股有限公司

OKP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(UEN: 200201165G)

Board of Directors:-	**Registered Office:-**
Mr Or Kim Peow (Group Chairman)	No. 6 Tagore Drive,
Mr Or Toh Wat (Group Managing Director)	#B1-06 Tagore Building,
Mdm Ang Beng Tin (Executive Director)	Singapore 787623
Mr Or Kiam Meng (Executive Director)	
Mr Oh Enc Nam (Executive Director)	
Mr Or Lay Huat Daniel (Executive Director)	
Dr Chen Seow Phun, John (Lead Independent Director)	
Mr Nirumalan s/o V Kanapathi Pillai (Independent Director)	
Mr Tan Boen Eng (Independent Director)	1 April 2011

To: The Shareholders of OKP Holdings Limited ("**Shareholders**")

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting (the "**2011 AGM**") of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 1 April 2011 in respect of the AGM to be held on Wednesday, 20 April 2011 at 11.00 am at No. 6 Tagore Drive, #B1-06 Tagore Building, Singapore 787623 and resolution 10 set out under "Special Business" in the Notice of the said AGM.

1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 20 April 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meeting held on 21 April 2010. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Ninth AGM (2011 AGM) to be held on 20 April 2011.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter ("**Letter**") is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

Letter to Shareholders *(CONT'D)*

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity and capital of the Company and the Group.

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2011 AGM, are summarised below:-

(a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the 2011 AGM on which the resolution renewing the Share Purchase Mandate is passed (the **"Approval Date"**). Shares, which are held as treasury shares, will be disregarded for purposes of computing the 10% limit.

As at 7 March 2011 (the "**Latest Practicable Date**"), the Company had 281,417,085 issued Shares (excluding treasury shares) and thus up to 28,141,708 issued Shares may be purchased by the Company.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:-

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

(c) Manner of Purchase

Purchases of Shares may be made on the SGX-ST (**"Market Purchases"**) and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (**"Off-Market Purchases"**) as defined in Section 76C(6) of the Companies Act, Chapter 50 (the "**Companies Act**").

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE (CONT'D...)

(c) Manner of Purchase (cont'd...)

Market Purchases refer to purchases of Shares by the Company effected on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:-

(aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:-

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and

(vi) details of any share purchases made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

Letter to Shareholders *(CONT'D)*

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE (CONT'D...)

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase.

For the above purposes:-

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading in securities.

4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and other Rights

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

4. STATUS OF PURCHASED SHARES (CONT'D...)

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:-

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to an employees' share scheme;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

5. SOURCE OF FUNDS

Any purchase of Shares may be made out of the Company's distributable profits that are available for payment as dividends. The Companies Act also permits the Company to purchase its Shares out of capital, provided that:-

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the twelve (12) months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

(a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Letter to Shareholders *(CONT'D)*

6. FINANCIAL EFFECTS (CONT'D...)

(a) Purchase or Acquisition Out of Capital or Profits (cont'd...)

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

(b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:-

(i) that the purchase or acquisition by the Company of 28,141,708 Shares, representing 10% of its issued Shares as at the Latest Practicable Date, was made on 31 December 2010;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.5935 for each Share (being 105% of the Average Closing Price as at 31 December 2010);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $16,702,104 was financed entirely using its internal sources of funds; and

(iv) that the purchase or acquisition of Shares was made entirely out of capital and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2010 ("**FY2010**"), are set out below.

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2010				
Share capital	27,884,776	27,884,776	27,884,776	27,884,776
Other reserves	448,170	448,170	432,910	432,910
Retained profits	40,673,991	40,673,991	10,837,128	10,837,128
	69,006,937	69,006,937	39,154,814	39,154,814
Non-controlling interests	(72,395)	(72,395)	–	–
	68,934,542	68,934,542	39,154,814	39,154,814
Treasury shares	–	(16,702,104)	–	(16,702,104)
Shareholders' funds	68,934,542	52,232,438	39,154,814	22,452,710

6. FINANCIAL EFFECTS (CONT'D...)

(b) Illustrative Financial Effects (cont'd...)

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2010 (cont'd...)				
Current assets	131,201,150	114,499,046	29,608,679	15,506,266
Current liabilities	(82,839,417)	(82,839,417)	(9,076,624)	(11,676,315)
Cash and cash equivalents	100,073,844	83,371,740	14,102,413	–
Working capital	48,361,733	31,659,629	20,532,055	3,829,951
Total borrowings(1)	1,841,465	1,841,465	–	–
Net tangible assets(2)	67,319,386	50,617,282	39,154,814	22,452,710
Net profit after tax attributable to shareholders	16,951,556	16,951,556	12,663,164	12,663,164
Number of Shares	265,823,335	237,681,627	265,823,335	237,681,627
Financial Ratios				
Net tangible assets per Share (cents)	25.32	21.30	14.73	9.45
Earnings per Share(3) (cents)				
– Basic	6.50	6.50	4.86	4.86
– On a fully diluted basis	5.91	5.91	4.42	4.42
Gearing ratio(4) (times)	0.03	0.04	–	–
Current ratio(5) (times)	1.58	1.38	3.26	1.33

Notes:-

(1) Total borrowings relate to finance leases.

(2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.

(3) For the earnings per Share computation, treasury shares are excluded from the weighted average number of Shares in issue. The weighted average number of Shares used in the computation of earnings per Share is as follows:-

	Group and Company	
	Before Share Purchase	After Share Purchase
Weighted average number of Shares		
– Basic	260,786,150	260,786,150
– Fully diluted basis	286,615,189	286,615,189

(4) Gearing ratio equals total borrowings divided by shareholders' funds.

(5) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2010 numbers and is not necessarily representative of the Company's or the Group's future financial performance.

Letter to Shareholders *(CONT'D)*

7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company’s quarterly results or one (1) month immediately preceding the announcement of the Company’s full-year results, as the case may be, and ending on the date of announcement of the relevant results.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The “public”, as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer (or, in the case of the Company, the Group Managing Director), substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 82,410,675 issued Shares in the hands of the public (as defined above), representing 29.28% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 54,268,967 Shares, representing 21.43% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company did not have any treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:-

(i) affecting adversely the listing status of the Shares on the SGX-ST;

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

(a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act, Chapter 134 (the **“Income Tax Act”**), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

(b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (**“TOC Appendix 2”**) of the Take-over Code.

Letter to Shareholders *(CONT'D)*

10. IMPLICATIONS OF TAKE-OVER CODE (CONT'D...)

(a) Obligation to Make a Take-over Offer (cont'd...)

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

(i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six (6) months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Or Kim Peow Investments Pte Ltd, the controlling Shareholder of the Company, together with persons acting concert with it, comprising Or Kim Peow, Or Toh Wat, Ang Beng Tin, Or Kiam Meng, Oh Enc Nam and Or Lay Huat Daniel, who are Directors of the Company, and their close relatives, collectively held 62.72% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. NO SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are, as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Or Kim Peow[(1)]	4,557,000	1.62	154,352,910	54.85
Or Toh Wat	2,322,000	0.83	–	–
Ang Beng Tin	2,323,500	0.83	–	–
Or Kiam Meng	2,322,000	0.83	–	–
Oh Enc Nam	833,000	0.30	–	–
Or Lay Huat Daniel	2,322,000	0.83	–	–
Chen Seow Phun, John[(2)]	–	–	30,000	0.01
Substantial Shareholders (other than Directors)				
Or Kim Peow Investments Pte Ltd	154,352,910	54.85	–	–
China Sonangol International (S) Pte. Ltd.[(3)]	22,500,000	8.00	–	–

Notes:

(1) Mr Or Kim Peow is deemed to have an interest in the 154,352,910 shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act.

(2) Dr Chen Seow Phun, John is deemed to have an interest in the 30,000 shares held by his wife, Mdm Lim Kok Huang, by virtue of Section 164(15) of the Companies Act.

(3) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by China Sonangol International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act.

Letter to Shareholders (CONT'D)

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2011 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

This Letter has been seen and approved by all Directors who collectively and individually accept responsibility for this Letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Letter misleading.

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at No. 6 Tagore Drive, #B1-06 Tagore Building, Singapore 787623 during normal business hours from the date of this Letter up to the date of the 2011 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2010; and

(b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
OKP HOLDINGS LIMITED

Or Kim Peow
Group Chairman

Statistics of Shareholdings

as at 7 March 2011

Issued and fully paid-up capital	:	$31,159,463
Number of Shares	:	281,417,085
Class of Shares	:	Ordinary share
Voting rights	:	One vote per share

The Company does not hold any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

(As at 7 March 2011)

Size of Shareholdings	No. of Shareholders	%	No.of Shares	%
1 – 999	416	13.68	22,071	0.01
1,000 – 10,000	1,171	38.49	6,773,561	2.41
10,001 – 1,000,000	1,436	47.21	65,357,110	23.22
1,000,001 and above	19	0.62	209,264,343	74.36
TOTAL	3,042	100.00	281,417,085	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 7 March 2011)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte Ltd	154,352,910	54.85	–	–
China Sonangol International (S) Pte. Ltd. (1)	22,500,000	8.00	–	–
Or Kim Peow (2)	4,557,000	1.62	154,352,910	54.85

Notes:

(1) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by China Sonangol International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

(2) Or Kim Peow is deemed to have an interest in the 154,352,910 shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Statistics of Shareholdings *(CONT'D)*
as at 7 March 2011

TWENTY LARGEST SHAREHOLDERS
(As at 7 March 2011)

No	Name of Shareholders	No of Shares	% of Shareholdings
1	Or Kim Peow Investments Pte Ltd	154,352,910	54.85
2	China Sonangol Intenational (S) Pte. Ltd.	22,500,000	8.00
3	Or Kim Peow	4,557,000	1.62
4	UOB Kay Hian Pte Ltd	2,725,004	0.97
5	Ang Beng Tin	2,323,500	0.83
6	Or Kiam Meng	2,322,000	0.82
7	Or Lay Huat Daniel	2,322,000	0.82
8	Or Toh Wat	2,322,000	0.82
9	Oh Kim Poy	1,909,500	0.68
10	Lee Choon Siang	1,839,000	0.65
11	United Overseas Bank Nominees (Pte) Ltd	1,548,022	0.55
12	Or Lay Hong	1,518,100	0.54
13	Raffles Nominees (Pte) Ltd	1,518,000	0.54
14	Or Lay Tin	1,516,450	0.54
15	Ng Kim Hong	1,387,000	0.49
16	OCBC Securities Private Ltd	1,285,839	0.46
17	Park Soo Kyung	1,200,000	0.43
18	Or Lay Wah Elaine	1,093,950	0.39
19	DBS Nominees Pte Ltd	1,024,068	0.36
20	Ang Kong Beng @ Ang Kong Eng	1,000,000	0.36
	TOTAL	210,264,343	74.72

RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

Based on the information provided to the Company as at 7 March 2011, there were 82,410,675 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.28% of the issued shares of the Company. Accordingly, Rule 723 of the SGX Listing Manual has been complied with.

Statistics of Warrantholdings
as at 7 March 2011

DISTRIBUTION OF WARRANTHOLDINGS
(As at 7 March 2011)

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Warrantholdings
1 – 999	16	2.06	8,149	0.03
1,000 – 10,000	629	80.95	2,475,026	8.94
10,001 – 1,000,000	130	16.73	5,375,000	19.40
1,000,001 AND ABOVE	2	0.26	19,839,000	71.63
TOTAL	777	100.00	27,697,175	100.00

TWENTY LARGEST WARRANTHOLDERS
(As at 7 March 2011)

No.	Name of Warrantholders	No. of Warrants	% of Warrantholdings
1	Or Kim Peow Investments Pte Ltd	14,214,000	51.32
2	China Sonangol International (S) Pte. Ltd.	5,625,000	20.31
3	OCBC Securities Private Ltd	454,500	1.64
4	Lee Choon Siang	425,000	1.53
5	Gan Kim Cho @ Gan Kim Chor	330,000	1.19
6	Raffles Nominees (Pte) Ltd	262,500	0.95
7	Gan Hsiao Ping Calvin (Yan Xiaobin Calvin)	254,000	0.92
8	Lim Bee Kim	233,000	0.84
9	Chan Cheow Ho	195,000	0.70
10	Nah Wee Kee	184,000	0.66
11	Foo Chik Kin	131,250	0.47
12	Kim Eng Securities Pte. Ltd.	120,000	0.43
13	Sim Meng Kiat	109,000	0.39
14	Tham Willie	92,000	0.33
15	Lim Thiam Hong	77,000	0.28
16	Phillip Securities Pte Ltd	70,500	0.25
17	Lee Seck Yam	57,000	0.21
18	UOB Kay Hian Pte Ltd	57,000	0.21
19	Wee Kwan Eng	56,000	0.20
20	Aw Chi Ken Benjamin	55,000	0.20
	TOTAL	23,001,750	83.03

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of OKP HOLDINGS LIMITED (the “**Company**”) will be held at No. 6 Tagore Drive, #B1-06 Tagore Building, Singapore 787623 on Wednesday, 20 April 2011 at 11.00 am for the following purposes:-

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2010 together with the Directors’ Report, the Independent Auditor’s Report, and the Statement by Directors.

Resolution 2

2. To declare a final one-tier tax exempt dividend of S$0.02 per ordinary share and a special one-tier tax exempt dividend of S$0.02 per ordinary share for the financial year ended 31 December 2010.

Resolution 3

3. To re-elect Mr Or Kiam Meng who is retiring by rotation pursuant to Article 107 of the Company’s Articles of Association (the “**Articles**”) and who, being eligible, offers himself for re-election as a Director.

Resolution 4

4. To re-elect Dr Chen Seow Phun, John who is retiring by rotation pursuant to Article 107 of the Articles and who, being eligible, offers himself for re-election as a Director.

   Dr Chen Seow Phun, John will, upon re-election as a Director of the Company, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 5

5. To authorise Mr Or Kim Peow, who is over the age of 70 years, to continue in office as a Director of the Company until the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 (the “**Act**).
   [see Explanatory Note (i)]

Resolution 6

6. To authorise Mr Tan Boen Eng, who is over the age of 70 years, to continue in office as a Director of the Company until the next Annual General Meeting pursuant to Section 153(6) of the Act. [see Explanatory Note (i)]

   Mr Tan Boen Eng will, upon being authorised to continue in office as a Director of the Company, remain as a member of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 7

7. To approve the payment of Directors’ fees of S$180,000 for the financial year ended 31 December 2010
   (FY2009: S$150,000).

Resolution 8

8. To re-appoint Nexia TS Public Accounting Corporation as the Company’s Independent Auditor and to authorise the Directors to fix their remuneration.

9. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

Resolution 9

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-
    “<u>Authority to allot and issue shares</u>

    That pursuant to Section 161 of the Companies Act, 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) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

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

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

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

    provided that:-

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

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

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

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

    (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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 to be held, whichever is the earlier.
    [see Explanatory Note (ii)]

Resolution 10

11. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:-
    “<u>Share purchase mandate</u>

    That:

    (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares (“**Shares**”) in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

    (i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) transacted through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

Notice of Annual General Meeting *(CONT'D)*

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares of the Company as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase : 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[see Explanatory Note (iii)]

BY ORDER OF THE BOARD

Vincent Lim Bock Hui
Company Secretary

Singapore
1 April 2011

Explanatory Notes:

(i) Ordinary Resolutions 5 and 6 are to authorise Mr Or Kim Peow ad Mr Tan Boen Eng, who are over 70 years old, to continue in office as Directors of the Company until the next Annual General Meeting of the Company. Section 153(6) of the Act requires such authority to be approved by way of ordinary resolutions at the Annual General Meeting of the Company.

(ii) Ordinary Resolution 9 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 9 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting at the time Ordinary Resolution 9 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(iii) Ordinary Resolution 10 will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Appendix.

Notice of Annual General Meeting *(CONT'D)*

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 Book and Register of Members of the Company will be closed on 6 May 2011 for the preparation of dividend payment. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd. of 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 5 May 2011 will be registered to determine shareholders' entitlements to the proposed final dividend and special dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 May 2011 will be entitled to the proposed final dividend and special dividend.

Payment of the dividends, if approved by shareholders at the Annual General Meeting to be held on 20 April 2011, will be made on 27 May 2011.

BY ORDER OF THE BOARD

Vincent Lim Bock Hui
Company Secretary

Singapore
1 April 2011

OKP HOLDINGS LIMITED
(UEN: 200201165G)
(Incorporated in the Republic of Singapore)

Annual General Meeting Proxy Form

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 their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company to be held at No. 6 Tagore Drive, #B1-06 Tagore Building, Singapore 787623 on Wednesday, 20 April 2011 at 11.00 am, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1.	Audited Accounts for financial year ended 31 December 2010		
2.	Payment of final dividend and special 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.	Authority for Mr Or Kim Peow to continue in office as a Director		
6.	Authority for Mr Tan Boen Eng to continue in office as a Director		
7.	Approval of Directors' fees of $180,000		
8.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor		
9.	Authority to allot and issue shares		
10.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM.)

Dated this ________ day of ______________ 2011

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

Notes:-

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, 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. 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, Chapter 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 shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

4. This proxy form 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 set for the AGM.

5. 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 an officer or attorney duly authorised.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

OKP HOLDINGS LIMITED
UEN: 200201165G

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