HARVESTING GOOD REWARDS

DELIVERING EXCELLENT RESULTS

OUR PURSUIT OF EXCELLENCE IS STEADFAST BECAUSE WE VALUE PEOPLE AS OUR GREATEST ASSET. WE ARE COMMITTED TO NURTURING THEIR POTENTIAL TO HELP US DELIVER EXCELLENT RESULTS AND ACHIEVE OUR BUSINESS GOALS.
To fulfil our vision to be the leading transport infrastructure and civil engineering company in Singapore, the region and beyond, OKP is committed to the principles of sustainability reporting.

At OKP, we aim to improve our performance in financial reporting as well as reporting on non-financial areas such as corporate governance, and social and environmental responsibilities. We seek to strengthen our corporate governance, empower our people and communities, and nurture our environment.

We do this by advocating an open and transparent approach in providing relevant information on our performance to all our stakeholders. We make it a point to share appropriate information relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance so as to keep OKP’s stakeholders well informed.

The Group’s goals are to grow our business by building new capabilities and enhancing our competitiveness, empowering our people and nurturing the community and the environment. As a public listed company on the Singapore Exchange, OKP aims to sustain its growth, and operate its business ethically and profitably, with a strong commitment to maintaining high standards in corporate governance and judicious risk management. At OKP, we believe in building a sustainable business that delivers long-term value to shareholders and long-term growth for the company.

We constantly seek to strengthen our corporate governance by benchmarking against industry best practices, and taking steps to ensure we conduct our business in full compliance with local laws and regulations.

The Group also aims to empower its people and communities. It seeks to be a responsible and caring employer to its 841 employees by developing them to their fullest potential, and enabling them so that they can excel and enjoy meaningful and satisfying careers within the company. We are committed to providing them with a safe working environment, training and career advancement and a fair and equitable system that rewards their productivity and performance.
As a responsible corporate citizen, we seek to empower people in the community. We believe we should contribute towards the disadvantaged and less fortunate in our society through our donations, sponsorships and voluntary work. In this way, we also enhance our reputation as a good corporate citizen, which takes its corporate social responsibilities seriously.

The Group is also aware of its responsibility in nurturing the environment and mitigating negative environmental consequences at its worksites and the environment where it operates. We have in place safety and environmental awareness programmes to ensure the health and safety of our workers and others who visit or work at our worksites and premises. We also monitor our energy, waste and water management at our work places to ensure that we utilise our resources in a meaningful and responsible way.

In summary, we seek to sustain our business growth by our commitment to strong corporate governance, prudent financial management and efficient operation; and empower our staff by our initiatives to nurture and reward them for good performances. In addition, we aim to support the community by fostering greater corporate social responsibility, and to cultivate a greener environment by implementing environment-friendly measures in all our undertakings.
At OKP, we recognise that our people play a vital role in achieving our business goals and sustaining our success. Their valuable contributions and support have reinforced the Group’s vision to be one of the leading players in the transport infrastructure and civil engineering industry in Singapore, the region and beyond.

We are aware that our employees are one of our most valuable assets, who play an important role in helping OKP to build new capabilities and enhance its competitiveness. Our guiding principle to our employees is our commitment to providing a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

Indeed, we are committed to nurturing and developing a strong team of employees, who can strategise, manage and implement the various projects professionally and competently, in order to grow our business and achieve revenues and profits. We believe that it is vital for our company to develop a capable and competent team, who can meet the business challenges of today and in the future. In order to attract and hire the right team of people with the right skills and relevant experience to plan and execute our business plans, we have put in place a human resources strategy and programme. We identify with our people’s aspirations, motivate them to perform well and enable them to progress through the ranks and retain them. We also continuously seek to improve our human resources and people development practices in order to attract and retain the best people.

The workforce in OKP comprises corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our people also come from diverse backgrounds and nationalities including Hong Kong, China, Taiwan, Malaysia, India, Myanmar, Philippines, Thailand and Bangladesh. Such varied backgrounds provide a real challenge to the Group’s management, who has to instill common goals and core values in order to build a strong and effective team. An effective recruitment, training and development process is therefore important to ensure the long-term success and financial stability of OKP for the future.

**ORIENTATING NEW STAFF**

To help new employees to adapt easily to OKP’s culture and environment, the Group has established a tried-and-tested staff orientation programme, which helps them to understand policies as well as OKP’s ethical and safety standards. Our staff orientation policy seeks to integrate new staff by making them aware of the company’s core values and standards so that they can fit in smoothly and quickly to OKP’s ways of working internally and externally with various stakeholders.

By following this methodology, new hires can start to make immediate contributions when joining OKP. Our past experience has made us realise that a good orientation programme also contributes greatly to staff retention, as we have observed that new employees usually decide to remain with an organisation within the first six months of their employment.

**DEVELOPING OUR PEOPLE**

At OKP, we seek to develop our people to their fullest potential so that the team can help the Group to achieve sustainable and steady growth. We place a strong emphasis on employee learning and training. As such, we are committed to equipping them with the required knowledge and skills to help them perform their jobs competently. Over the years, we have invested substantially in developing our people. We do this by organising relevant training and development courses to continuously upgrade them with key competencies and skills so that they can perform effectively in their current job functions. In addition, they are also well prepared to meet the future requirements of OKP’s business.
We seek to develop our people’s talents fully so that they can grow their careers within OKP. Thus, our emphasis is on helping our employees to develop their full potential as part of OKP’s team so that they can find job satisfaction and enjoy the advantages of working in a progressive company, which they are proud to be part of. Our human resources management policy provides a distinct career path for each individual staff member, a competency framework for each job level, and a performance system linking individual contributions, business objectives and rewards to performance.

PROVIDING SPONSORSHIPS AND SCHOLARSHIPS

Looking ahead in terms of securing the right talent, the Group has been offering educational scholarships and sponsorships to students, who may be our potential hires in the future. We have awarded a scholarship to one student at the National University of Singapore, and sponsored three students (one at the National University of Singapore and two at Nanyang Technological University) for the academic year 2014/2015 under the umbrella of the Building and Construction Authority. One of these OKP-sponsored undergraduates has started her industrial attachment with the Group in May 2014 for a duration of 10 weeks.

In 2012, OKP sponsored two project engineers for a Master of Science (Civil Engineering) degree with specialisation in infrastructure project development at the National University of Singapore. In 2014, these two project engineers have successfully completed their Master programme, and their newly acquired knowledge will certainly add to the talent pool within OKP.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

- Incidents of industrial Injuries
  Our guiding principle is to provide a safe working environment for our staff at the construction sites. In order to ensure first-rate safety standards, the Group promotes work safety and good environmental awareness at all times and at all its construction sites. We emphasise and practise good safety management throughout the various stages of the projects, starting at the project management stage, and during the construction and site management stage till the successful completion of the projects.

  In promoting and maintaining a healthy, safe and secure working environment for our staff and workers, we do not just focus on our staff. Our subcontractors and various partners are just as important as they also play an important role in maintaining good occupational health and safety. We work very closely with them to ensure that they share the same commitment and work together to strengthen safety standards. A safe job site not only reduces unnecessary risks and exposure in a project, it also boosts staff morale and increases client satisfaction levels. We emphasise this procedure to all our supervisory staff and general workers so that we can learn from and rectify past mistakes, and achieve our aim of zero injuries.

  Since 2006, OKP has been receiving safety awards for maintaining a high standard of health and safety awareness at its various worksites. Its latest awards were in 2014, when OKP received three safety awards. The Group received a Certificate of Recognition from the Land Transport Authority (LTA) at its Annual Safety Award 2014. The award is in “Category 2 (Civil contract value not exceeding $120 million)” for companies that have achieved more than 250,000 accident-free man hours for Contract ER368.

  We also received a Certificate of Recognition from the LTA for “Category 2 (Civil contract value not exceeding $120 million)” for companies that have achieved more than 250,000 accident-free man hours for Contract ER391. In addition, the Group received a Certificate of Participation.
from the LTA for the “Major Category (Civil contract value between $20 million and $50 million)” for Contract ER368.

- **Absenteeism**
  One of our aims at OKP is to prevent and discourage absenteeism for all staff. Absenteeism from work affects direct and indirect costs. But it also indicates a low level of job satisfaction and a lack of commitment to the company. Moreover, absenteeism also disrupts operations at the office premises and construction sites. To achieve a low level of staff absenteeism, OKP aims to provide a positive working environment and support its employees’ performance at work with effective guidance and proper supervision.

<table>
<thead>
<tr>
<th>Functional</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; Supervisory (M&amp;S)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Foreign</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Finance &amp; Administration (F&amp;A)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Foreign</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Site Operations (S&amp;O)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>7%</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Foreign</td>
<td>83%</td>
<td>85%</td>
<td>80%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 15 years</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>10 years to 14 years</td>
<td>13%</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>6 years to 9 years</td>
<td>16%</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>3 years to 5 years</td>
<td>27%</td>
<td>31%</td>
<td>26%</td>
</tr>
<tr>
<td>Less than 3 years</td>
<td>37%</td>
<td>39%</td>
<td>41%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>FY2014</th>
<th>FY2013</th>
<th>FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree &amp; Above</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Diploma &amp; Equivalent</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>“O” &amp; “A” Level &amp; Equivalent</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Trade Certificate &amp; Equivalent</td>
<td>23%</td>
<td>23%</td>
<td>28%</td>
</tr>
<tr>
<td>Secondary Level &amp; Lower</td>
<td>63%</td>
<td>62%</td>
<td>58%</td>
</tr>
</tbody>
</table>

### BEING PEOPLE-CENTRIC

To fulfil our mission to be the first and preferred civil engineering contractor for various industries in Singapore and beyond, and maintain OKP’s position as a market leader in the public sector construction industry, we need to be a people-centric company. This is because we are dependent on the effective performance and dedication of all employees to achieve our business goals and attain financial profitability.

With the aim of becoming an excellent people-centric company, we have been increasing our organisational effectiveness and simplifying our communication across all levels and between the various business units. The Group has a review-and-feedback process in place, which has proven to be effective in understanding our staff’s concerns and addressing their issues. We make it a priority to hold regular dialogue sessions so that management and supervisory staff can work together as a team with the administrative and support staff, and general construction workers in terms of planning and executing projects.

As a people-oriented company, we have many welfare benefits such as our Annual Dinner, Chinese New Year lunch and regular lunches. Our staff enjoy other benefits such as medical benefits, transport allowance, subscriptions to relevant societies and various forms of insurance such as personal accident insurance and travel insurance. The Group not only provides maternity leave but also paternity leave for all staff.
CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, the Group recognises the importance of being a responsible business organisation that contributes positively to the community where it operates. We demonstrate this by taking our corporate social responsibility (CSR) seriously.

The Group seeks to uphold the best practices in all its business operations, and this involves giving back to the community and seeking to contribute to the disadvantaged and less fortunate in society. We do this by championing charitable causes and encouraging our employees to volunteer and support worthy causes.

Over the past years, CSR awareness in Singapore and the region is seen to be increasing. It is gaining acceptance in many organisations, which are making CSR activities part and parcel of their business. According to Singapore Compact, a national society promoting CSR in Singapore: “Today consumers, investors, governments and even employees have become more sophisticated and more aware of good corporate behavior, or lack thereof. In this new business environment, a company’s reputation has become one of its most valuable assets, and CSR has become one of the key components of corporate reputation. Positive CSR experiences build confidence and goodwill with stakeholders. Many organisations have developed clear CSR efforts as strategic branding and management approach in achieving a win-win outcome. Their number continues to grow.”

Many companies share the view that by having a focus on CSR, they can reap benefits and improve profits. Thus, adopting CSR practices can bring about many intangible benefits such as a good reputation for the company, high morale among employees and improved performance, thereby attracting investors. Employees will also take greater pride in their company and this will boost productivity.

At OKP, we are committed to being a supporting force for good in the communities we operate. Thus, we promote and implement CSR initiatives such as our annual Charities of the Year programme. Through this initiative, we actively support multiple charities, offering our employees opportunities to be public-spirited citizens by participating in fund-raising initiatives for specific causes and needs. Through the various fund-raising events and charities, we are able to reach out to various needy groups within the communities that we serve.

The Group renders support and assistance to the following charities and community organisations:

- Educational scholarships and sponsorships as OKP awarded a scholarship to one student at the National University of Singapore, and sponsored three students (one at the National University of Singapore and two at Nanyang Technological University) for the academic year 2014/2015 under the umbrella of the Building and Construction Authority;
- Singapore Children’s Society’s 1000 Enterprises for Children-in-Need Project, that helps protect and nurture children and youths, particularly those who are abused, neglected, and those from dysfunctional families;
- Dyslexia Association of Singapore, a society with its team of psychologists and specialist teachers providing help to over 1,000 dyslexic children from more than 250 schools;
- Ang Mo Kio-Thye Hua Kwan Hospital, a leading voluntary welfare organisation running a 200-bed hospital providing rehabilitation and geriatric care;
- Singapore Heart Foundation, which advocates health and plays a proactive role in helping heart patients and their families and in equipping the community with information and skills for better heart care;
- Community Chest, the fundraising division of the National Council of Social Service that raises funds for the many charities that it supports in aid of the disadvantaged in 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 could not 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;
- 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;
- Yellow Ribbon Fund, a project to help rebuild lives of ex-offenders released from the various prisons and drug rehabilitation centres; and
- Singapore Gymnastics, the national sports association for gymnastics in Singapore, with funds raised for running and administering its various gymnastics programmes.

In addition, OKP sponsored various organisations such as Citizen’s Consultative Committees, Community Development Council, People’s Association and Land Transport Authority to raise funds for charities through golf tournaments and other projects.
SAFETY AND ENVIRONMENTAL AWARENESS

Drilling safety measures to workers at the worksites.

INSTILLING SAFETY AND ENVIRONMENTAL AWARENESS

The Group is committed to developing and instilling a culture of safety and good environmental awareness within the organisation. Indeed, enhancing safety standards and creating environmental awareness are vital aspects of OKP’s core values and work environment. One of our guiding principles to our employees is our commitment to providing them with a safe working environment and ensuring that they go home safe.

Our policy is to ensure a minimal risk work environment and we hold the view that all accidents are preventable. We are committed to ensuring that the health and safety of our people is a top priority as it is our duty to provide a working environment that exceeds health and safety regulatory obligations.

At OKP, we are committed to fostering and improving vision zero with regards to injuries, work-related illnesses and environmental impact for all our workplaces locally and internationally. Setting vision zero is not about focusing solely on meeting a numerical target of zero injuries, zero risks at the workplace or zero harm to the environment. Rather, it is about adopting a mind-set that strives for zero harm in the workplace and to the environment. Thus, enhancing a safety culture and environmental awareness are vital aspects of OKP’s core values and efficient work environment.

Adapting safety standards and environmental control measures in OKP goes beyond removing risks at work and reduce adverse impact to the environment. It is about creating the right environment and greater awareness, whereby each individual from top management to the workers can contribute fully towards achieving vision zero. The Group places emphasis on workplace safety, health and environmental protection at every phase of the project cycle from conceptualisation to the construction and management stages. This ensures that potential workplace safety, health and environmental risks are addressed early, thereby minimising or eliminating risks downstream.
We believe accident prevention and environmental protection is not only a moral obligation but also a good business practice. By detecting and directing our resources to address hazards and safely guard the environment, we seek continually to reduce our incident rates, costs associated with accidents and environmental footprint achieve. Maintaining and ensuring a safe working and sustainable environment for our employees and all stakeholders are therefore an important aspect of our efforts to achieve good performances, strengthen our corporate image and enhance our competitiveness.

ENSURING HIGH STANDARDS

Quality, environmental, health and safety issues are key areas in OKP’s overall business management. The management team sets a strong foundation by providing clear direction within the organisation of the value of an effective occupational health and safety management approach to prevent safety-related and health incidents, and foster risk-free and environment-friendly premises. This management approach also complies with relevant laws and regulatory requirements, and ensures a capable and well-trained workforce across the Group.

Thus, OKP makes it a priority to ensure the highest standards of Quality, Environmental, Health and Safety (QEHS) performance, especially at our worksites. To achieve this objective, we make QEHS responsibility an essential and crucial aspect of the way we conduct our business with our stakeholders such as clients, sub-contractors and suppliers.

The Group also adopts bizSAFE’s five-step programme by the Workplace Safety Health Council, which assists companies to improve their workplace safety health capabilities so as to achieve high safety and health standards at the workplace. Since 2014, OKP has appointed only contractors and vendors with bizSAFE Level 3 and above for its projects.

The Group fully recognises that its employees and sub-contractors’ employees working onsite are its key assets. Therefore, we emphasise the safety and well-being of all employees and we do not compromise on our employees’ safety at the expense of costs or time because every employee matters. As an industry leader, our goal is to be a health and safety benchmark, in the same way that we are now a benchmark for the quality of our expertise and the solutions we implement.

To stay abreast in this competitive industry, in early 2013, we conducted a comprehensive review and revised our QEHS Management System in order to further improve and optimise our operations. By reviewing and revising our QEHS procedures, we not only enhance our workplace safety and health standards but also fine-tune our operational procedures, thus improving the organisation’s efficiency. A renewal audit of our organisation’s QEHS Management System conducted by Building and Construction Authority (BCA) was carried out in July 2013. The audit’s objective was to ascertain that the Group’s integrated management system had been implemented according to the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 requirements. Audit findings showed that OKP has a robust system and strong commitment in

In addition, OKP has attained the Green and Gracious Builders Award conferred by the BCA since May 2012. The scheme was introduced to raise the environmental consciousness and professionalism of builders. It is also a benchmark of a builder’s corporate social responsibility to the environment and the general public. Apart from setting standards for green practices, it also sets standards for gracious practices. These gracious practices will improve the image of builders and the construction industry, particularly among neighbours and residents, some of whom may have been affected by construction activities near them.

The Group is committed to protecting and preserving our natural environment through a variety of ongoing programmes. Subscribing to the environmental mantra of Reduce, Reuse, Recycle, we contribute to the protection of our environment by:

- waste management;
- energy conservation; and
- water conservation

Being gracious means that we provide a pleasant environment for our clients and for all members of our society. Thus, OKP undertakes to do its part by:

- working to reduce and control construction site noise and vibration in order to provide a more pleasant environment for the public, our client and our employees;
- providing a work environment where all people from diverse backgrounds can work together and have a sense of fulfilment;
- enabling everyone to work together to achieve an injury-free environment. We are dedicated to providing the tools, knowledge and resources to keep all who are on or near our construction sites safe. Everyone goes home healthy from all of their jobs every day.

Work-At-Height is a rising concern in the construction industry at a time when there is increased complexity in when construction designs and activities. To further improve our fall prevention plan, OKP has also engaged the assistance of Work-At-Height specialists, who have developed a comprehensive fall arrest system for the organisation’s work-at-height activities.

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 Workplace Safety and Health Council’s bizSAFE STAR status. This is the highest level awarded to enterprises for their commitment to maintaining a good Risk Management and Workplace Safety system.

Safety banners at our various construction sites.

WINNING QEHS RECOGNITION AND AWARDS

In 2014, the Group’s commitment and emphasis on QEHS have once again yielded good results. This can be seen in the numerous awards that OKP has received in recognition of its workplace health management and occupational safety focus. These include:

- Certificate of Recognition from the Land Authority Transport Authority (LTA) at its Annual Safety Award 2013. The award is in “Category 2 (Civil contract value not exceeding $120 million with more than 250,000 accident-free man hours)” for Contract ER368,
• Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in “Category 2 (Civil contract value not exceeding $120 million with more than 250,000 accident-free man hours)” for Contract ER391;
• Certificate of Merit from the LTA at its Construction Environmental Award 2013. The award is in “Major Category (Civil contract value between $20 million and $50 million)” for Contract ER201;
• Certificate of Merit from the LTA at Annual Safety Award 2012 in “Major Category (Civil Contracts between $20 million and $50 million)” for Contract ER368;
• Certificate of Recognition from the LTA at its Annual Safety Award 2012 in “Category 2 (Civil contract value not exceeding $120 million with more than 250,000 accident-free man hours)” for Contract ER368;
• Green and Gracious Builder (Excellent) Award from the Building and Construction Authority (BCA) for wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd.;
• Green and Gracious Builder (Merit) Award from the BCA for wholly-owned subsidiary, Eng Lam Contractors Co. (Pte) Ltd;
• Certificate of Recognition, from the LTA at its Annual Safety Award 2011 for “Category 2 (Civil contracts less than $120 million”) for companies that have achieved more than 0.25 million accident-free man hours for Contract ER288;
• Certificate of Excellence from the LTA at its Annual Safety Award 2010 in “Major Category (Civil Contracts between $20 million and $50 million)” in recognition of the company’s outstanding performance in occupational safety and health management for Contract ER194;
• Certificate of Excellence from the LTA at its Annual Safety Award 2009 in “Minor Category (Civil Contracts less than $20 million)” in recognition of the company’s outstanding performance in occupational safety and health management for Contract ER213;
• Housing & Development Board Safety Award 2006 for construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6); and
• Certificate of Merit from the LTA at its Annual Safety Award 2006 for “Major Category” for Contract PE100.

Whilst the construction sector remains the top contributor of workplace fatal injuries, OKP has maintained zero fatality at all its worksites for the past six years. We will continue to strive to ensure that all our worksites maintain a zero injury record.

MAINTAINING QEHS SUSTAINABILITY

One of the Group’s biggest challenges continues to be maintaining the high standards of our QEHS system, especially in a dynamic and rapidly changing environment. Our focus on sustainability involves many aspects of how we conduct ourselves and implement our QEHS Management System. We believe QEHS sustainability is essential to our customers, employees, shareholders, and community, and is also a long-term business driver. By focusing on specific efforts that address safety, health and environmental challenges and maintaining a good QEHS track record, we can minimise risks and enhance our competitiveness for all our future business ventures.

We have made great strides in promoting and executing our QEHS programme in our business practices well. At OKP, we ensure that our work practices are environmentally-friendly and protect the safety and well-being of our employees at all times and in all situations.

We make it a point to regularly update our Legal Register to ensure that OKP is up-to-date with all applicable legal requirements. With the aid of the updated Legal Register, OKP would be able to keep up with changes and proposed legislations. The Legal Register also ensures that we are more aware of and understand the implications of core legislations and other requirements that can influence or affect our operations. This is a vital element to ensure that we stay compliant with local regulatory requirements as well as international standards.

At OKP, we also seek to reduce pollution levels at all our worksites so that our workers can enjoy a higher quality of life in the construction-related surroundings and environment in which they work.

When recruiting new staff and engaging partners, OKP also looks into their QEHS experience and track record. Our ability to attract, develop and retain qualified employees, consultants and sub-contractors with good QEHS track records has greatly contributed to our business’ success and sustainability.
SAFETY AND ENVIRONMENTAL AWARENESS

During these unpredictable times with crises such as haze and monsoon rains, and unavoidable disease outbreaks, OKP has set up its Business Continuity Plans. We have carried out risk assessments to ensure that the business functions and operations can continue without compromising our employees’ safety and health.

All these established practices are aimed at achieving high quality standards, thus providing a strong and stable foundation for future generations of management and staff to emulate and further improve the QEHS standards.

PROMOTING A SAFETY CULTURE

The Group remains committed to enhancing and achieving a strong and sound safety culture and instilling a positive mindset among our employees that encourage responsibility towards oneself and one’s co-workers. Safety management starts from the project planning stage and is practised through the various stages of design, construction and management till the projects are completed. By being good role models, our management staff have instilled and championed a strong safety culture within the organisation.

Over the past years, our comprehensive construction safety programme has evolved and the principles and processes behind this programme have also been fine-tuned.

Some of these include:

- a rigorous sub-contractor and supplier selection and approval process, which shortlists companies with good, which shortlists safety track records;
- risk assessment procedures to identify, among other things, situations and processes that may potentially cause injury to people. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and then determine the preventive measures to put in place; and
- field regular safety audits at construction worksites.

In addition, OKP continuously implements various additional initiatives to further strengthen safety awareness at all its workplaces. One of the key initiatives was the introduction of Behavioural Based Safety (BBS) programmes at our worksites. This is a safety approach that concentrates on the behaviour of workers as the cause of most work-related injuries and illnesses. By conducting reviews and surveys of current work practices and collating data from interviews and observations, trained observers would identify the root cause of the respective group’s or worker’s unsafe behaviour. The results are usually fed back to the group or worker, and safe or model behaviours would be developed. Through the BBS programmes, OKP is able to improve its safety performance and culture and achieve a sustained adjustment of attitudes towards safety.

The Group has also embarked on another effort to further improve the current Safety Promotion Programme so as to promote safety awareness at all organisational levels and enhance its aim to make employee safety a top priority. Our Safety Promotion Programme aims to encourage employees to improve their own safety behaviour and that of their fellow workers, and support OKP’s Safety, Health and Environmental goals and aims. Various safety promotional activities were carried out. These included the “Your Hands are Important” safety campaign, Dengue Prevention campaign (jointly conducted with LTA and the National Environment Agency (NEA), monthly mass safety talks and regular incentives to employees with good safety performance/behaviour.

Another initiative is implementing a systematic way of identifying and monitoring newly recruited workers. At OKP, we ensure a new worker is paired up with an experienced worker for proper guidance, training and orientation. An assessment of the new worker’s performance and safety knowledge will be made after a three-month probation period prior to allowing them to execute work independently.
Another effort that the Group has embarked on is the installation of CCTV for its heavy machinery with cameras mounted at strategic locations. This is to ensure that the heavy machinery operators obtain a maximum view of their surroundings while in operation, thus eliminating any possible blind spots.

At all our worksites, emergency drills are conducted regularly to reinforce emergency preparedness to handle any potential incident such as fires, chemical spillages and fall-from-height incidents. The Group conducts coordinated joint exercises such as rescue drills at its worksites with external agencies such as the Singapore Civil Defence Force. Such activities help to increase safety awareness and knowledge of all OKP employees. This demonstrates OKP’s commitment towards the safety and well-being of all its employees, clients, sub-contractors and suppliers.

DEVELOPING QEHS TRAINING AND COMPETENCY

At OKP, we believe that our employees are vital to the successful implementation of our workplace safety and health management system. Significant resources are deployed to attract, develop and retain extraordinary talent and fully promote each employee’s capabilities. We have carefully identified and developed specific training plans for all our employees to fully equip them with the knowledge to effectively execute their responsibilities. Our employees are our best assets. Building people to their highest potential galvanises and enhances our competitive edge.

We train and develop our staff at all levels, equipping them for the challenging construction environment through programmes offered by the Ministry of Manpower (MOM) approved training centres. All management staff and engineers are required to attend safety-related courses such as the “Construction Safety Course for Project Managers” and “Risk Management Course”. These courses enable them to be fully aware of regulatory requirements and trained to assume the roles of Risk Management Leaders so as to eliminate or lessen risks at source.

As part of the Group’s orientation programme, supervisors advise new employees on the highest standards of QEHS requirements. New employees are required to undergo a safety induction programme upon first joining the company. The Group has put in place a standard in-house safety training and education programme for both new and existing employees to equip them with the basic knowledge necessary to carry out their various functions in a safe and competent manner. Specialised and more detailed information and training are given regularly to site safety practitioners. This is to keep them updated on the latest industrial safety and environmental regulations.

Due to the nature of our work and large work area covered by our project sites, we have also gone beyond local regulatory requirements and trained a sufficient number of first-aiders for our projects. The trained first-aiders are deployed strategically at each work area to ensure that any person who sustains an injury can receive first-aid treatment quickly.

In line with the new Works at Height (WAH) Regulations which was introduced in 2013, OKP is also progressively sending its workers, supervisors and safety assessors for the relevant works at height training. This is to ensure that that OKP’s work-at-height activities are carried out in the safest possible manner.

PROMOTING A GREEN ENVIRONMENT

To reduce environmental hazards and be environmentally-friendly, OKP seeks to carry out its daily business in a socially responsible way and contribute positively to the communities in which it operates.

The Group makes every effort to protect the environment in its business activities through good environmental practices. Some of these ongoing green efforts for all its worksites include the following activities:

- Reducing the environmental impact of work activities by implementing action plans aimed at cutting consumption of natural resources and reusing and recycling construction waste wherever possible;
- Managing and disposing construction waste properly;
- Reduce/ reuse/ recycle construction materials such as timber, reinforcement and concrete debris;
- Maintaining construction machinery regularly to minimise carbon emissions;
- Implementing and maintaining effective earth control measures onsite to prevent silty water from polluting public drains;
- Reducing and treating waste water from construction activities in treatment plants before releasing into the public drainage system;
- Minimising water consumption and emissions;
- Using eco-friendly innovations such as solar-powered devices and de-sanding machines to separate sand from dredging wastes;
- Reducing the usage of timber formwork by using metal formwork;
- Evaluating sub-contractors’ green practices before award of project;
- Evaluating a product’s impact on the environment and considering if the product has a Green Label before selecting the supplier’s products;
- Using more environmental-friendly products which are non-toxic; and
- Implementing promotional activities onsite to encourage green practices.

We are also committed to complying with all applicable environmental laws and regulations.
The Group fully recognises that its ability to grow and sustain its business through the years is due mainly to the steadfast and continuing support of its customers. At OKP, we acknowledge that our customers are vital to our success. Indeed, our partnerships with them have enabled OKP to grow from a sole-proprietorship in 1966 to a public listed company today.

Our long-term relationships with our customers have brought mutual benefits – our customers receive our commitment and very best services while we are able to build new capabilities, broaden our expertise and skills, and grow our business. Our customers’ loyalty, trust and confidence in OKP have helped the Group to be acknowledged as a reputable civil engineering contractor in Singapore and the region today.

MEETING OUR CUSTOMERS’ NEEDS COMPETENTLY

Our guiding principle to our clients is our commitment to providing them with superior service that meets their time schedule; exceeds their expectations in quality, reliability and safety; and is within their budget.

All staff are fully aware of this commitment to deliver on this service promise. In seeking to fulfil this service promise to our customers competently, our team work together to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, we fulfil this service promise by training and empowering our staff to support our customers to the best of their capabilities at all times. We emphasise to our staff the importance of actively listening to our customers and working with them to better understand their business needs. We also give our staff the necessary autonomy, support and resources to explore and initiate new ideas to address our customers’ requirements and concerns.

At our worksites, we work closely with our customers to ensure safety standards, which comply with all government rules and regulations. For both customers and OKP, delivering a project on time and on budget is very important for the successful completion of all projects. To achieve this, we endeavour to work diligently with our customers to ensure the projects are completed within the stipulated contract terms.

DELIVERING ON OUR PROMISE TO OUR CUSTOMERS

In the highly competitive business environment in Singapore and the region, customer satisfaction becomes increasingly important. At OKP, customer satisfaction has been a key success factor for our business. Putting a focus on our customers, the Group’s management team and supervisors work towards ensuring a high level of engagement with them for the smooth completion of all projects.

We believe that when we consistently deliver on our contracts on time, on budget, and in a more-than-satisfactory way, customers will develop greater trust and confidence in OKP. Thus, we strive to build up this trust and confidence by ensuring that we deliver on our projects with the highest levels of reliability, integrity and efficiency.

Through our many years of operational experience, we have established some key targets to ensure a high level of customer service. These targets help OKP to build and maintain strong relationships with our customers in order to keep them satisfied.
We aim to provide:

• prompt response to customers’ needs and in developing solutions for their problems;
• honest and ethical business practices that put our customers’ interests first;
• high standards of service quality and standards;
• excellent safety standards at building and construction sites;
• effective management to complete projects on time and within budget; and
• results that meet customers’ requirements and expectations.

GROWING OUR CUSTOMER BASE

To grow and sustain our business in the long term, we need to maintain as well as grow our customer base. Our customers come from a wide-ranging group of organisations in the public and private sectors, including those from industries such as energy, utilities, transport, housing and town planning.

The Group has established its reputation in the public sector as a reliable and well-regarded infrastructure contractor in Singapore. Some of our public sector clients include the Changi Airport Group, Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority. In the private sector, our clients include ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd, WorleyParsons Pte Ltd and Angullia Development Pte. Ltd.

We aim to actively expand this list of customers as we bid for new projects and grow the business in Singapore and the region. We have grown our customers through joint ventures with several partners to develop property projects. To build new capabilities and enhance its competitiveness, OKP has also invested in a joint venture in 2014 to tender for Mass Rapid Transit (MRT) projects and undertake MRT projects if awarded.

With our vast expertise, strong track record and reputation for delivering results, the Group is confident that it will be able to succeed in expanding its customer base and grow its business in the long term.

SECURING CONTRACTS FROM REPEAT CUSTOMERS

The Group focuses on a holistic approach in our customer service, which is characterised by long-term and enduring relationships with our customers. We treasure each customer relationship, looking at it as a long-term association to be cultivated at all levels and all times. We believe that developing and enhancing sustainable relationships with customers are the foundation of the Group’s success.

Following this methodology, OKP has made it a priority to build up and strengthen many strong and stable partnerships with our customers over the years. The solid relationships we enjoy with our customers have been rewarding as the Group has won many repeat contracts from various customers since it first started business a sole proprietorship in 1966.

The Group is very appreciative of these long-term and supportive customers, who have stood by OKP through the ups and downs of the business cycle. These repeat contracts testify to our customers’ satisfaction with OKP’s high quality and service standards.

Having a high portion of returning customers is not mere coincidence. The repeat business is the result of OKP’s competitive cost position and good past performances, which we believe are two most important criteria for winning new contracts. We also believe that the time and efforts we invest in nurturing and building relationships play an important role in winning such contracts. In addition, our staff’s focus in delivering high standards and quality projects to our customers is equally significant in helping to clinch contracts.

PARTNERING TO BOOST OUR CUSTOMERS’ EFFICIENCIES

Today’s business environment is very tough and competitive due to uncertainties in the global economic climate, which of course impacts Singapore’s economy. Our customers are constantly placed in situations where they have to take decisive actions to improve productivity, reduce costs, and create added value to their businesses, very often with limited financial and physical resources.

As the Group continues to build its capabilities, enhance its competitiveness and grow a sustainable business in Singapore and the region, it aims to help customers to maximise their efficiencies. We do this by being a valuable partner, who understands and helps them to attain their financial and operational aims. At OKP, we ensure that our contracts are priced accurately and fairly to reflect current market conditions. With our strong track record in civil engineering infrastructure works and as a market leader in public sector construction projects, OKP is in a strong position to deliver such value-added services to our customers.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

The Group does not just engage with its customers professionally through our business activities at building sites and meetings. We also believe in engaging them in other ways such as supporting them through providing sponsorships, and organising and hosting joint events in the respective industries.
INVESTOR RELATIONS

At OKP, we work to ensure that all investors are provided with reliable and accurate information on the Group’s operational and financial performance so that they can make informed investment decisions. To achieve this aim, we use multiple channels to communicate effectively with our shareholders. In addition, our senior management and investor relations (IR) team actively keep communication channels open with the investment and financial community, and the media.

Our guiding principle in relation to our shareholders is our commitment to maximising their return on investment while maintaining excellence in our products and services. We are committed to creating and growing long-term value for all our shareholders and investors. Over the years, we have built new capabilities and expanded our knowledge, experience and skills in order to fulfill our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. This approach has enabled OKP to sustain growth in its business and continue to deliver stable results and develop its potential – to meet the expectations of our shareholders and investors.

To enhance its competitiveness and stay ahead as an industry leader, OKP monitors the external business and macroeconomic environment affecting its business closely, and makes the right responses accordingly as the need arises. In addition, OKP keeps track of and seeks to implement best practices internally by ensuring that effective management practices are institutionalised, with sound operational procedures to facilitate efficient and practical workflow. To our staff, we emphasise the importance of delivering superior customer service as this helps us to meet and exceed our customers’ expectations.

PRACTISING GOOD CORPORATE GOVERNANCE

As a listed company, OKP is committed to ensuring good corporate governance, which is the practice whereby the Group manages, steers and balances the interests of all its shareholders, customers, employees, suppliers, business partners and the general public. In the light of constantly developing demands for better disclosure, greater transparency and good corporate governance in the financial and business areas, we believe sound corporate governance is vital in gaining and retaining investors’ trust and confidence in OKP, as well as attracting the interest of new shareholders.

The Group has established several processes to consolidate its corporate governance framework to allow greater transparency and fast-track management decision-making processes, and strengthen management oversight. One way we do this is by adopting the criteria used to score the Governance and Transparency Index administered by the National University of Singapore Business School’s Corporate Governance and Financial Reporting Centre. The index, which is divided into two broad categories – Governance and Transparency, and 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 section focuses on how companies communicate with their shareholders. We seek to achieve the best possible score in all these areas, thus improving our standards in corporate governance.

We also aim to proactively engage the investment community by disclosing accurate and timely corporate and financial information. OKP emphasises greater transparency to shareholders, investors and other interested parties so that they are being updated on corporate developments and
able to 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.

As a responsible company which is committed to good corporate governance, OKP fully supports the Corporate Governance Week organised annually by the Securities Investors Association (Singapore). Its focus on building and implementing excellence in corporate governance resonates with the way we manage our business and how we communicate with our shareholders.

• **Investor Relations policy**
  At OKP, we have a very clear IR policy. We want to ensure fair, open and ethical business dealings with all our stakeholders including shareholders, customers, employees, suppliers, business partners and the general public. We ensure that OKP discloses relevant and material information according to these basic principles, in accordance with the Singapore Exchange’s rules. We are proactive in providing shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the movement of OKP’s share price.

The Group has been well acknowledged for its excellence in IR and commitment to good corporate governance. This can be demonstrated by the numerous awards and accolades which OKP has won in recent years, namely:

– Merit for the Singapore Corporate Governance Award under Mainboard Small Caps Category; and Runner-up for the Most Transparent Company Award in the Constructions & Materials Category – at Securities Investors Association (Singapore) 15th Investors’ Choice Awards 2014;

– Best Investor Relations (Bronze) in the “Companies with less than $300 million in market capitalisation” category at Singapore Corporate Awards (SCA) 2013;

– Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 14th Investors’ Choice Awards 2013;

– Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 13th Investors’ Choice Awards 2012;

– Best Investor Relations (Bronze) in the “Companies with less than $300 million in market capitalisation” category at Singapore Corporate Awards (SCA) 2012;

– Best Investor Relations Award (Gold) at SCA 2009 in the “Companies with less than $300 million in market capitalisation” category; and

– Best Investor Relations Award (Silver) at SCA 2008 in the Small Market Capitalisations category.

• **Dividend policy**
  The Group does not have a formal dividend policy. The form, frequency and amount of dividend payable on our shares will depend on our financial position, results of operations, capital needs, plans for expansion, and other factors as our Board of Directors may deem appropriate.

We have maintained our dividend payout of 19.2 per cent to 76.9 per cent over the past five years.
ENGAGING ACTIVELY WITH SHAREHOLDERS

We recognise the importance of engaging and communicating effectively with shareholders, investors and other stakeholders, especially in the framework of frequently evolving requirements of better disclosure, transparency and corporate governance. To achieve this, OKP uses multiple communication channels to promote and facilitate communications with existing and potential investors, financial analysts and the media. These channels include group briefings to analysts, investors and the media; one-to-one meetings with shareholders and potential investors; and the investor relations section of our corporate website. Some of our initiatives include the following activities:

• **Annual General Meeting**
  One of the key channels to communicate with investors is the annual general meeting (AGM). Besides providing an opportunity for investors to raise concerns and seek clarification, the AGM also enables the Board of Directors and senior management team to respond directly to them. All Board members attend and answer questions from shareholders relating to the past, current and future directions of the Group’s business, explain decisions made and address any concerns raised. We take full advantage of the AGM to inform shareholders of OKP’s latest developments and provide an opportunity for shareholders to ask questions. All directors are expected to attend the AGM, especially the Chairpersons of the Audit, Nominating and Remuneration committees. Shareholders may also submit written questions relating to the statutory audit report and the Group will respond in a timely manner to their questions.

• **Announcements of corporate developments**
  We keep our investors up-to-date on OKP’s developments by issuing announcements on new contracts, strategic developments and other important information through SGXNET, press releases, email alerts and OKP’s investor-friendly website.

Our investor relations website is a key resource for corporate, financial and stock information, and announcements of significant business developments. It also houses OKP’s quarterly results and annual reports. Since 2003, OKP’s website features webcasts comprising videos of full-year results messages plus presentation slides.

All OKP’s announcements are posted immediately on its website, following its release to the Singapore Exchange to ensure fair, equal and prompt dissemination of information. Thus, all shareholders and investors can keep abreast of OKP’s latest business developments very quickly and effectively.

• **Analyst and media briefings**
  During the release of OKP’s quarterly results, the senior management team avail themselves to meet with analysts to answer their questions and clarify any concerns. Outside of the financial results announcement periods, where necessary and appropriate, the senior management team would also meet analysts and fund managers, who seek to understand OKP’s operations better. Where appropriate and when opportunities arise, we also conduct media interviews to give shareholders and the public deeper insights into our business and management thinking. In addition, we have also conducted tours to some of our facilities for interested analysts and the media.

The Group was featured in various newspapers, journals, magazines and broadcast media. These included The Business Times, Lianhe Zaobao, The Straits Times, The Edge Singapore, Singapore Business Review, Today Online, Shares Investment, Biz Daily Online, Reuters and Channel NewsAsia.
As a result of the decrease in profit after tax, basic earnings per ordinary share decreased to 0.8 cents in FY2014.

The dividend proposed for FY2014 was a final dividend of 0.1 cents per share (subject to the approval of shareholders at the forthcoming annual general meeting of the Company).

The gross dividend yield of 0.4 per cent is calculated based on the share price of 25.5 cents as at 31 December 2014.

We proposed total dividends of 0.1 cents per share for FY2014 representing a dividend payout ratio of 12.1 per cent.
INVESTOR RELATIONS

OKP SHARE PRICE VS STI 2014

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest Price</td>
<td>$0.59</td>
<td>$0.68</td>
<td>$0.66</td>
<td>$0.56</td>
<td>$0.37</td>
</tr>
<tr>
<td>Lowest Price</td>
<td>$0.42</td>
<td>$0.52</td>
<td>$0.49</td>
<td>$0.32</td>
<td>$0.25</td>
</tr>
<tr>
<td>31 December Closing Price</td>
<td>$0.57</td>
<td>$0.53</td>
<td>$0.51</td>
<td>$0.34</td>
<td>$0.25</td>
</tr>
</tbody>
</table>

FINANCIAL CALENDAR

**FY2015**
- **16 February** | Announcement of full year results for financial year 2014
- **2 April** | Despatch of Annual Report
- **27 April** | Thirteen Annual General Meeting
- **7 May** | Books Closure for Dividend Entitlement
- **27 May** | Proposed Payment of FY2014 Final Dividend (subject to Shareholders’ approval at AGM)
- **May** | Announcement of first quarter results for financial year 2015
- **July/August** | Announcement of second quarter and half year results for financial year 2015
- **October/November** | Announcement of third quarter results for financial year 2015

**FY2014**
- **24 February** | Announcement of full year results for financial year 2013
- **1 April** | Despatch of Annual Report
- **28 April** | Twelfth Annual General Meeting
- **5 May** | Announcement of first quarter results for financial year 2014
- **9 May** | Books Closure for Dividend Entitlement
- **27 May** | Payment of FY2013 Final Dividend
- **7 August** | Announcement of second quarter and half year results for financial year 2014
- **27 October** | Announcement of third quarter results for financial year 2014
At OKP, we are committed to ensuring high standards of corporate governance. We believe that sound corporate governance principles and practices will improve corporate transparency, accountability, performance and integrity, and at the same time, protect and enhance shareholder value.

The Monetary Authority of Singapore had issued a revised Code of Corporate Governance on 2 May 2012 (the Code), which replaced the Code of Corporate Governance issued in July 2005. The Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) requires all listed companies to describe, in their annual reports, their corporate governance practices, with specific reference to the principles of the Code.

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 any deviations from the Code, and taking into consideration the Disclosure Guide provided by the SGX-ST on 29 January 2015. The Board of Directors is pleased to confirm that for the financial year ended 31 December 2014, 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 long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

**Our Policy and Practices:**

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

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
- Monitoring financial performance, including approval of the full year and 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.

The Board is made up of one-third Independent Directors who are independent of the Management and have the appropriate core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively. Every Director is expected, in the course of carrying out his or her duties and responsibilities, to act in good faith, provide insights and consider at all times the interests of the Company.

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

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

The Board held four scheduled meetings in the financial year ended 31 December 2014. Ad hoc Board meetings are also held whenever the Board’s guidance or approval is required, outside of the scheduled Board meetings.
The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2014 is disclosed below:

<table>
<thead>
<tr>
<th>Board Committees</th>
<th>Board</th>
<th>Audit</th>
<th>Remuneration</th>
<th>Nominating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of scheduled meetings held</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Name of Directors**

- Mr Or Kim Peow 4 *4 *1 *1
- Mr Or Toh Wat 4 *4 *1 *1
- Mdm Ang Beng Tin 4 *4 *1 *1
- Mr Or Kiam Meng 4 *4 *1 *1
- Mr Oh Enc Nam 4 *4 *1 *1
- Mr Or Lay Huat Daniel 4 *4 *1 *1
- Dr Chen Seow Phun, John 4 4 1 1
- Mr Nirumalan s/o Kanapathi Pillai 4 4 1 1
- Mr Tan Boen Eng 4 4 1 1

(*) – attendance by invitation of the relevant Committee

Dates of Board, Board Committee and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board meeting can still participate in the meeting via telephone conference, video conference or other similar means of communication. Telephonic attendance and conference via audio 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.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. Every Executive Director receives appropriate training to develop individual skills in order to discharge his or her duties. The Group also provides information about its history, mission and values to the Directors. The Directors may, at any time, visit the Group’s construction sites in order to gain a better understanding of business operations. There are also update sessions to inform the Directors on new legislations and/or regulations which are relevant to the Group. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on the Company’s or Directors’ disclosure obligations, Directors are briefed at Board meetings. During the financial year, the Directors were briefed by Nexia TS Public Accounting Corporation on the developments in financial reporting standards and the changes that affect the Group. In addition, the Company has signed up for a corporate membership with the Singapore Institute of Directors (SID) for three years, effective from 2013. The objective is to be involved in SID’s activities and enable the use of SID’s one-stop corporate governance resources centre in order to improve OKP’s corporate governance standards.

**Guideline 1.5 of the Code: Matters requiring Board approval**

**Guidelines 1.6 of the Code: Directors to receive appropriate training**
All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. All the costs are borne by the Company. Some of the Directors attended the SID Conference 2014.

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

**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 and 10% shareholders. 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 the 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 the Management through a constructive exchange of ideas and views to shape the strategic process.

The Group Chairman, Mr Or Kim Peow, and the Group Managing Director, Mr Or Toh Wat, are immediate family members as well as part of the Management. The Board is of the opinion that based on the Group’s current size and operations, it is not necessary to have independent directors make up at least half of the Board. The NC is of the view that no individual or small group of individuals dominate the Board’s decision-making.

The independence of each Director is reviewed by the NC on an annual basis. Annually, each independent 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. The NC takes into account, among other things, whether a Director has business relationships with the Company, its related companies, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of the Company.

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 from time to time. 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 Niru in his role as an Independent Director as matters involving the Group are usually handled by the other directors of Global Law Alliance LLC. As such, the NC considers Mr Niru to be independent. No services were rendered by and no payment was made to Global Law Alliance LLC in the financial year ended 31 December 2014.
The NC and the Board determine annually whether a Director who has served on the Board beyond nine years from the date of his first appointment, is independent. The Board is of the opinion that based on the Group’s current size and operations, it is not necessary for progressive refreshing of the Board. The Board observes that the Independent Directors who have served on the Board for more than nine years have been exercising independent judgement in the best interests of the Company in the discharge of their duties and should be deemed independent. The Board recognises the contribution of the Independent Directors who over time have developed deep insights into the Group’s business and operations, and who are therefore able to provide invaluable contributions to the Board as a whole. It is also noted that each of them is able to exercise objective judgement on commercial and corporate governance matters independently. They seek clarification as they deem necessary, with direct access to the Management. As such, the Board would exercise its discretion to extend the term and retain the services of the Director rather than lose the benefit of his or her contribution. After due consideration and careful assessment, the NC and the Board are of the view that Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng continue to be considered independent, notwithstanding that they have served on the Board for more than nine years from the date of their first appointment.

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 Board reviews its composition from time to time and seeks to maintain a diversity of expertise, skills and attributes among the Directors. 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 satisfied that the current Board comprises persons who, as a group, provide core competencies, such as accounting or finance, business or management experience, industry knowledge and strategic planning experience, required for the Board to be effective.

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

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company’s business. No one individual should represent a considerable concentration of power.

Our Policy and Practices:

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

Note:
(1) According to the Code, an “independent” Director is defined as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement with a view to the best interests of the Company.
As Group Chairman, Mr Or Kim Peow is primarily responsible for overseeing the overall management and strategic development of the Group. His responsibilities include:

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

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

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

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

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

In view that the Group Chairman and the Group MD are immediate family members, the Board has appointed Dr Chen Seow Phun, John as Lead Independent Director (LID) to lead and coordinate the meetings and activities of the Independent Directors. The LID is available to shareholders where they have concerns 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.

The Independent Directors, led by the LID, meet amongst themselves without the presence of the other Directors where necessary, and the LID will provide any feedback to the Group Chairman after such meetings.
Board Membership

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

Our Policy and Practices:

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

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

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

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

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-appointed 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. The NC reviews the training and professional development programmes for the Board.

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

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director’s number of listed company board representations and other principal commitments. In support of their candidature for directorship or re-election, Directors are to provide the NC information on their other commitments. In addition, Directors should consult the NC before accepting any new directorship of listed companies. 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.
Currently, the Company does not have alternate directors.

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

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

(b) the NC will use external help, which includes the Company’s auditors, its human resources consultants and the Singapore Institute of Directors, to source for potential candidates if needed. Directors and the Management may also make recommendations;

(c) the NC meets the shortlisted candidates to assess suitability and ensure that candidates are aware of the expectation and the level of commitment required; and

(d) the NC then makes recommendations to the Board for approval.

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

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Date of initial appointment</th>
<th>Date of last re-election</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Or Kim Peow</td>
<td>80</td>
<td>Group Chairman</td>
<td>15 February 2002</td>
<td>28 April 2014</td>
</tr>
<tr>
<td>Mr Or Toh Wat</td>
<td>47</td>
<td>Group Managing Director</td>
<td>15 February 2002</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Mdm Ang Beng Tin</td>
<td>59</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>25 April 2012</td>
</tr>
<tr>
<td>Mr Or Kiam Meng</td>
<td>50</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>28 April 2014</td>
</tr>
<tr>
<td>Mr Oh Enc Nam</td>
<td>59</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>30 April 2013</td>
</tr>
<tr>
<td>Mr Or Lay Huat Daniel</td>
<td>37</td>
<td>Executive Director</td>
<td>1 August 2006</td>
<td>30 April 2013</td>
</tr>
<tr>
<td>Dr Chen Seow Phun, John</td>
<td>61</td>
<td>Lead Independent Director</td>
<td>25 June 2002</td>
<td>28 April 2014</td>
</tr>
<tr>
<td>Mr Nirumalan s/o V Kanapathi Pillai</td>
<td>62</td>
<td>Independent Director</td>
<td>1 June 2005</td>
<td>25 April 2012</td>
</tr>
<tr>
<td>Mr Tan Boen Eng</td>
<td>82</td>
<td>Independent Director</td>
<td>25 June 2002</td>
<td>28 April 2014</td>
</tr>
</tbody>
</table>

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

Mr Or Kim Peow and Mr Tan Boen Eng, who are each over the age of 70 years, will retire at the forthcoming AGM and be subject to re-appointment by the Company’s shareholders pursuant to Section 153(6) of the Companies Act, Chapter 50.

Mdm Ang Beng Tin and Mr Nirumalan s/o V Kanapathi Pillai will retire by rotation at the forthcoming AGM pursuant to Article 107 of the Company’s Articles of Association and be subject to re-election by the Company’s shareholders.
Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees 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.

(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 the Management. The NC also assesses the Board’s performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2014.

(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 or her commitment of time to the Board and Board Committee meetings and his or her performance of tasks delegated to him or her. The NC has reviewed and is satisfied with the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2014.

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 assessment exercise also assists the Directors to focus on their key responsibilities. It also helps the NC in determining whether to re-nominate Directors who are due for retirement at the next AGM, and in determining whether Directors with multiple board representatives are able to and have adequately discharge their duties as Directors of the Company.

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2014.
Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Our Policy and Practices:

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

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

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

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 meetings of the AC, the RC, the NC and the Board and assists the Board in ensuring that the Company complies with the relevant requirements of the Companies Act, Securities and Futures Act and the Listing Manual of the SGX-ST. He also advises the Board on corporate governance matters. 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.

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.
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, among other things, to the development of the Management’s and key executives’ strengths to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the Company.

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

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

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

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

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

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

The RC 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.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC will obtain advice from external consultants for benchmarking, where necessary.
Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

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 the individual. In the financial year ended 31 December 2014, variable or performance related income/bonus made up 5.0% to 8.0% 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 shareholder value creation.

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

Currently, the Company does not have any long-term incentive schemes.

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 of the Company. Except as disclosed, the independent and non-Executive Directors do not receive any remuneration from the Company.

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

There are no termination or retirement benefits that are granted to the Directors. The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.
Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

Our Policy and Practices:

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

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel.

A breakdown showing the level and mix of each individual Director’s remuneration in the financial year ended 31 December 2014 is as follows:

The level and mix of remuneration of each of Directors for the financial year ended 31 December 2014

<table>
<thead>
<tr>
<th>Remuneration Band &amp; Name of Director</th>
<th>Base/fixed salary *</th>
<th>Variable or performance related income/ bonuses</th>
<th>Directors’ fees **</th>
<th>Directors’ Allowance</th>
<th>Benefits-in-kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000 to $749,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Or Kim Peow</td>
<td>76%</td>
<td>5%</td>
<td>–</td>
<td>15%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Or Toh Wat</td>
<td>73%</td>
<td>8%</td>
<td>–</td>
<td>15%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Mdm Ang Beng Tin</td>
<td>73%</td>
<td>8%</td>
<td>–</td>
<td>15%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Or Kiam Meng</td>
<td>73%</td>
<td>8%</td>
<td>–</td>
<td>15%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Oh Enc Nam</td>
<td>75%</td>
<td>8%</td>
<td>–</td>
<td>16%</td>
<td>1%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Or Lay Huat Daniel</td>
<td>73%</td>
<td>8%</td>
<td>–</td>
<td>15%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Below $250,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr Chen Seow Phun, John</td>
<td>–</td>
<td>–</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Nirumalan s/o V Kanapathi Pillai</td>
<td>–</td>
<td>–</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Tan Boen Eng</td>
<td>–</td>
<td>–</td>
<td>100%</td>
<td>–</td>
<td>–</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:
* Inclusive of Central Provident Fund contributions
** These fees are subject to the approval of the shareholders at the forthcoming AGM
*** The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.
The Group has three key management personnel (who are not Directors of the Company).

A breakdown showing the level and mix of the three key management personnel (who are not Directors of the Company) in the financial year ended 31 December 2014 is as follows:

The level and mix of remuneration of each of the key management personnel for the financial year ended 31 December 2014

<table>
<thead>
<tr>
<th>Remuneration Band &amp; Name of Key Executive</th>
<th>Base/fixed salary *</th>
<th>Variable or performance related income/bonuses</th>
<th>Benefits-in-kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ms Ong Wei Wei</td>
<td>72%</td>
<td>24%</td>
<td>4%</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Or Yew Whatt (1), (3)</td>
<td>64%</td>
<td>36%</td>
<td>–</td>
<td>100%</td>
</tr>
<tr>
<td>Mr Oh Kim Poy (2), (3)</td>
<td>68%</td>
<td>29%</td>
<td>3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Inclusive of allowances and Central Provident Fund contributions

*** The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

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

The total remuneration paid to the above key management personnel for the financial year ended 31 December 2014 was $651,754.

Save as disclosed above, there was no employee of the Company and its subsidiaries who was an immediate family member of a Director and whose remuneration exceeded $50,000 during the financial year ended 31 December 2014. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

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

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

For the financial year ended 31 December 2014, all the Executive Directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.
3. ACCOUNTABILITY AND AUDIT

Accountability

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

Our Policy and Practices:

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

Prompt fulfilment of statutory reporting requirements is but one way to maintain the shareholders’ confidence and trust in the Board’s capability and integrity. The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company’s performance, position and prospects on a 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.

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

The Board reviews operational and regulatory compliance reports from the Management to ensure compliance with all of the Group’s operational practices and procedures and relevant regulatory requirements.

Guideline 10.2 of the Code: Board to take adequate steps to ensure compliance with legislative and regulatory requirements

Guideline 10.3 of the Code: Management should provide Board with management accounts on a monthly basis

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Company’s assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Our Policy and Practices:

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group’s businesses. In addition, the Company’s approach to risk management is set out in the “Risk Assessment and Management” section on pages 102 to 111 of this Annual Report.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. In addition, the Board sets the appropriate risk tolerance limits for each risk by considering the relative importance of the objectives.

Guideline 11.1 of the Code: Board to determine the Company’s levels of risk tolerance and risk policies
The AC reviews the adequacy of the Group’s risk management framework and internal control systems including financial, operational, compliance and information technology controls on an annual basis. In August 2012, the AC also engaged an external risk management consultant, Nexia TS Risk Advisory Pte Ltd, to conduct an independent review of the effectiveness and adequacy of the Group’s risk management policies and processes and make recommendations to enhance the internal controls over the risk management processes.

On an annual basis, the internal auditors will conduct a review of the risks identified by the external risk consultants. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditors in the course of their statutory audit.

The Management has made reference to the report prepared in August 2012 and reported to the AC for the financial year ended 31 December 2014, on the Group’s risk profile, the status of the risk mitigation action plans and updates on the following areas:

- Description of the procedures and systems in place to identify and assess risks to the Group’s businesses;
- Identify the gaps in the risk management processes and action plans to address the gaps; and
- Plan/actions undertaken by the Management to manage the key risk areas.

Based on (i) the Group’s framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; (iii) the work performed by the internal and external auditors; (iv) the written confirmation from the Group Chairman and the Group MD that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and (b) the Group’s risk management and internal control systems are effective, the Board, with the concurrence of the AC, is satisfied with the adequacy of the Company’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems, as at 31 December 2014.

The responsibility of overseeing the Company’s risk management framework and policies is undertaken by the AC. The AC engaged an external risk management consultant, Nexia TS Risk Advisory Pte Ltd, to assist in carrying out its responsibility.

**Audit Committee**

**Principle 12:** The Board should establish an Audit Committee (AC) with written terms of reference which clearly set out its authority and duties.

**Our Policy and Practices:**

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

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 functions properly. In performing its functions, the AC also reviews the assistance given by the Company’s officers to the independent auditors.

The AC met four times in the financial year ended 31 December 2014 and the Executive Directors were invited to attend the meetings.

The AC has written terms of reference that are approved by the Board and clearly set out its responsibilities. The AC carries out its functions in accordance with the Companies Act and the Code. The key terms of reference of the AC are as follows:

- To review audit plans of the Company’s external auditors and internal auditors, including the results of the external and internal auditors’ review and evaluation of the Group’s system of internal controls;
- To review the annual consolidated financial statements and the external auditors’ report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- To review the cooperation given by the Management to the external auditors;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the external audit, and where the external auditors provide non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the external auditors;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release of the results announcement to the SGX-ST;
- To recommend to the Board the appointment, re-appointment or removal of the external auditors and approve the remuneration and terms of engagement of the external auditors; and
- To review all interested person transactions to ensure that each has been conducted on an arm’s length basis.

The AC met with the external auditors four times during the financial year ended 31 December 2014 and once in February 2015 without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC. The AC also met with the internal auditor without the presence of the Management once during the financial year ended 31 December 2014.

The AC has reviewed and is satisfied with the standard of the external auditors’ work. The fees paid by the Company to the external auditors for audit and non-audit services amounted to $135,000 (2013:$129,500) and $30,300 (2013:$26,200) respectively. The AC has undertaken a review of all non-audit services provided to the Company by the external auditors and, in the AC’s opinion, they would not affect the independence of the external auditors. As such, the AC has recommended the re-nomination of the external auditors.

Some of the joint venture companies and associated companies of the Group are being audited by independent auditors other than those of the Company. The AC is satisfied that the scope of the audit performed by these other independent auditors is adequate.

**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 is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

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.

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on the financial statements before an audit commences. During the financial year ended 31 December 2014, the changes in accounting standards did not have any significant impact on the Company’s financial statements.

**Internal Audit**

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

**Our Policy and Practices:**

The AC selects and approves the appointment of the internal auditors (IA). The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd during the financial year ended 31 December 2014. The IA reports directly to the AC and has full access to all the Company’s documents, records, properties and personnel.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard shareholders’ investments and the Company’s businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company.
The AC is satisfied that the IA is staffed by suitably qualified and experienced personnel.  
Guideline 13.3 of the Code: Internal audit function staffed with relevant experienced personnel

The AC had reviewed and approved the internal audit plan and reviewed the results of the internal audit. The AC is satisfied that the internal audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. 
Guideline 13.4 of the Code: IA should meet standards set by internationally-recognised professional bodies

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. 
Guideline 13.5 of the Code: AC to ensure adequacy and effectiveness of the internal audit function

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. During the year, the IA adopted a risk-based approach with the overall objective to focus on control weaknesses which had been highlighted by Nexia TS Risk Advisory Pte Ltd, the external risk management consultant, who had been engaged by the Company in 2012 to conduct an independent review of the effectiveness and adequacy of the Group’s risk management policies and processes. The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders’ rights, and continually review and update such governance arrangements.

Our Policy and Practices:

The Company believes in regular and timely communication with shareholders as part of its organisational development to provide clear and fair disclosure of information about the Group’s business developments and financial performance which would have a material impact on the share price or value of the Company. All shareholders are treated fairly and equitably. To facilitate the exercise of shareholders’ rights, the Company ensures that all information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

Guideline 14.1 of the Code: To facilitate the exercise of ownership rights by all shareholders

Shareholders are informed of general meetings through notices published in the newspapers and reports or circulars sent to all shareholders and via the Company’s website. The Company encourages shareholders’ participation during the general meetings. Shareholders are able to engage the Board and the Management on the Group’s business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

Guideline 14.2 of the Code: Company to ensure the shareholders have the opportunity to participate effectively in and vote at general meetings

Registered shareholders, including corporations, who are unable to attend the general meetings are entitled to appoint up to two proxies. The Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Guideline 14.3 of the Code: Company to allow certain corporations to appoint more than two proxies

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

CORPORATE GOVERNANCE REPORT (cont’d)
Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Our Policy and Practices:

The Company has a dedicated Investor Relations (IR) team which regularly communicates with shareholders, analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries. For details on the Group’s IR activities, please refer to the IR section on pages 76 to 80 of this Annual Report.

The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group in accordance with the SGX-ST’s listing rules. Information is communicated to shareholders on a timely basis through:

- Annual reports that are prepared and issued to all shareholders within the mandatory period;
- SGXNET and the media;
- The Company’s website at http://www.okph.com; and
- Online Q&A forum via the investor relations channel on the financial portal at http://www.shareinvestor.com.

The Company’s IR team communicates with the shareholders and analysts on a regular basis and attends to their queries or concerns. The Company provides an email address for shareholders or analysts at okpir@okph.com and contact details of the IR team via the Company’s website. During the financial year ended 31 December 2014, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

The Company holds post-results briefings with analysts to announce the full year financial results annually. The key management team which includes the Group MD, an Executive Director and the Group Financial Controller avail themselves to meet analysts after the release of the Group’s full year results. Outside of the financial results announcement periods, where necessary and appropriate, the Management would also meet analysts and fund managers who seek a better understanding of the Group’s operations. In addition, the Management also conduct media interviews to give shareholders and the public deeper insights of the Group’s business and management thinking when opportunities present themselves.

Dividend policy

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group’s earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

Over the past five years, the Group has declared total annual dividends at the rate of approximately 12.1% to 76.9% of the net profit after tax based on the audited consolidated financial statements. Any dividend payments are clearly communicated to shareholders via announcements on SGXNET.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.
Our Policy and Practices:

The Company strives to maintain a high standard of transparency and to promote better investor communications. The Board supports active shareholder participation at AGMs and 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 despatched to all shareholders and is also available on the Company’s corporate website or upon request. Notices of general meetings will also be published in the Business Times and/or other newspapers.

The Company believes in encouraging shareholder participation at general meetings. The Articles of Association of the Company allow a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. For those who hold their shares through CPF nominees and who are not registered as shareholders of the Company, the Company welcomes them to attend the AGM as observers.

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

The Group Chairman, Group MD, Directors, 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 external auditors, Nexia TS Public Accounting Corporation, are also invited to attend AGMs and will assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditors’ report.

The Company prepares minutes of general meetings and makes these minutes of the discussion at the general meetings available to shareholders upon their request.

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results after the conclusion of the AGM.

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 Rule 1207(19) of 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 2014 or if not then subsisting, entered into since the end of the financial year ended 31 December 2013.

7. INTERESTED PERSON TRANSACTIONS

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

The AC meets quarterly to review if the Company will be entering into any interested person transaction. If the Company intends to enter into an interested person transaction, the Board will ensure that the Company complies with the requisite rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions.

There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above $100,000 entered into by the Group during the financial year ended 31 December 2014. However, the following is disclosed for completeness:

<table>
<thead>
<tr>
<th>Name of Interested Person</th>
<th>Aggregate value of all interested person transactions during the financial year ended 31 December 2014 (excluding transactions conducted under shareholders’ mandate pursuant to Rule 920) $’000</th>
<th>Aggregate value of all interested person transactions during the financial year ended 31 December 2014 conducted under shareholders’ mandate pursuant to Rule 920 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Or Lay Tin</td>
<td>27</td>
<td>–</td>
</tr>
</tbody>
</table>

Note:

(a) The rented premises is owned by Ms Or Lay Tin, who is the daughter of Mr Or Kim Peow, the Group Chairman of the Company.

8. UTILISATION OF PROCEEDS

Exercise of 59,928,802 warrants at $0.20 for each share as at 31 December 2014 raising net proceeds of $11.99 million

<table>
<thead>
<tr>
<th>Use of proceeds</th>
<th>Amount allocated ($’million)</th>
<th>Amount utilised ($’million)</th>
<th>Balance amount ($’million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be used as general working capital for the Company</td>
<td>11.99</td>
<td>10.72</td>
<td>1.27</td>
</tr>
</tbody>
</table>

The unutilised proceeds are deposited with a bank pending deployment. The above utilisation of net proceeds is consistent with the disclosure made in the SGXNET announcement.
Risks are inherent in all business enterprises, and therefore, managing risks is a vital aspect of business management. At OKP, we actively monitor and manage our exposure to risks relating to our industry. We are committed to strengthening our risk management framework in order to provide reasonable assurance that risks are minimised. We do this by pro-actively ensuring the integrity of our financial reporting, integrating management control into daily operations, and ensuring compliance with legal requirements.

Like many business enterprises, the Group faces various risks arising from economic, market, business, financial and political factors and developments. We believe in managing our risks holistically. As such, our management has put in place various risk management policies and procedures to manage and mitigate the risks arising from the normal course of operations. We review our risk management and mitigation plans regularly to ensure that OKP responds readily to any change in market conditions and the activities of the Group.

We have identified the following 24 risks that we face to and explain below how we address them:

<table>
<thead>
<tr>
<th>No</th>
<th>Description of Risks</th>
<th>Our Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Dependence on the construction industry in Singapore</td>
<td>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. On the other hand, 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. We seek to diversify our earnings in order to mitigate against our dependence on Government spending in Singapore.</td>
</tr>
<tr>
<td>2.</td>
<td>Impact from changes to applicable government policies</td>
<td>To mitigate these risks, we would send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities or clients.</td>
</tr>
</tbody>
</table>

...
3. **Guidelines and regulations by the 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 seven major registration heads, namely, Construction Workheads (CW), Construction Related (CR) Workheads, Mechanical & Electrical (ME) Workheads, Maintenance Workheads (MW), Trade Heads (TR), Supply Workheads (SY), and Regulatory Workheads (RW).

Within each workhead, there are different financial grades which determine a contractor’s eligibility to tender for projects of stipulated values. This is based on the BCA’s assessment of the financial health of companies through its credit rating system. The different grades serve as a supplementary indicator of the financial standing of construction firms with those of larger firms accorded the top categories of A1, A2 and B1.

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 $85.0 million each.

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 on 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. Most of our projects are undertaken on a non-recurring basis. It is critical that we are able to continuously and consistently secure new projects of similar value and volume. The nature of our business is such that the number and value of projects that we succeed in securing fluctuate from year to year. There is no assurance that we will continue to secure new projects that are profitable.

Should we fail to do so, our financial performance will be adversely affected. In addition, as we face increased competition in the tender process, we may be forced to lower our tender prices to secure projects, and this could affect our profit margins.

A majority of our projects are secured through open tenders. There is an increase in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, thus intensifying competition. If our competitors are more aggressive in pricing or respond faster to changes in market conditions than OKP, this may cause us a loss of tender bids or the lowering of our profit margin to help us stay competitive. Thus, our financial performance and financial conditions may be adversely affected in the face of greater competition.

Price is often cited as a key factor affecting the award of a contract although experience, reputation, availability, equipment and safety record are just as important. We believe that OKP’s solid expertise and extensive experience in road construction and road maintenance put us in a strong position to tender competitively for both government and private sector projects.

The Group has a long operating history and an excellent track record and over the years, we have shown distinctively that we are able to deliver superior quality, value-added services on time and within budget.
### RISK ASSESSMENT AND MANAGEMENT (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Description of Risks</th>
<th>Our Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td><strong>Price fluctuations and availability of construction materials</strong>&lt;br&gt; 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.&lt;br&gt;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.</td>
<td>We are continually mindful of this risk and are constantly looking for the most competitive pricing from our suppliers for the raw materials we require. Where possible, we would lock in the prices of the raw materials for each project. Otherwise, we would include a fluctuation clause in the contract, granting us the right to adjust raw material prices should a price increase occur in the course of the project. These moves help to limit our exposure in the event of price fluctuations.</td>
</tr>
<tr>
<td>6.</td>
<td><strong>Dependence on the performance of the property sector</strong>&lt;br&gt;In Singapore, the property development industry is very competitive, with various small to medium-sized property developers and a few large established players. These developers may have stronger brand names and reputations, larger land banks, more prime land sites and more resources which help them to bid higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects.&lt;br&gt;As such, there is no assurance that our Group’s business and operations in property development will be sustainable in the long term.&lt;br&gt;We are also subject to various regulatory requirements and government policies in Singapore. To promote and maintain a stable property market, the Government monitors the property market diligently and may introduce new policies, or amend or remove existing policies at any time. If the Government regulates the property market with stringent measures, our operations and financial performance may be adversely affected. There is also no certainty that there will be demand for our projects despite our projections and expectations. This may affect our business objectives and sales target, thus impacting our profitability.</td>
<td>Our core business is still in civil construction and although we are growing the property development business, it is not our key business.</td>
</tr>
</tbody>
</table>
## Risks Relating to Our Industry

<table>
<thead>
<tr>
<th>No</th>
<th>Description of Risks</th>
<th>Our Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td><strong>Reliance on key personnel to develop and grow our business</strong></td>
<td>We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 37 years old, has gained much experience and knowledge since joining the Company in 2003. He is currently responsible for business development and corporate communications. The management is preparing a list of potential successors and is assessing them against a checklist of leadership attributes. Plans are being put in place to develop these candidates via training and development. In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.</td>
</tr>
<tr>
<td></td>
<td>Our continued success is dependent to a large extent on our ability to retain the services of our key employees and to put in place succession plans for young leaders to eventually take over the helm. The management and leadership team at OKP is robust. Our experienced and committed management team comprises our Group Chairman, Mr Or Kim Peow; Group Managing Director, Mr Or Toh Wat; and four Executive Directors – Mdm Ang Beng Tin, Mr Or Kiam Meng, Mr Oh Enc Nam and Mr Or Lay Huat Daniel. Mr Or Kim Peow, who is the founding member of the Group, has more than 55 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of the Group include determining its strategies and ensuring effective succession planning for all key positions within OKP. Group Managing Director, Mr Or Toh Wat who has more than 23 years’ experience in the construction industry, is responsible for effectively managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board. Mr Or Kiam Meng has more than 29 years and Mr Oh Enc Nam more than 35 years in the construction industry respectively. Mdm Ang Beng Tin has worked for more than 40 years’ of experience in administration and human resources. The Group’s success and growth now and in the future will also be dependent on its ability to retain the services of our executive team members and key management staff. In the event that OKP loses any of their services without finding timely and suitable replacements, or if we are unable to attract and retain new key staff with relevant qualifications and experience, this will adversely affect our business, financial condition, operational results and prospects. Furthermore, we may lose our business to any of our competitors who have attracted and hired key members of our team, who join them after leaving their positions at OKP. If we need to increase staff compensation in order to attract and retain our existing key employees or hire any additional staff, there would be an adverse impact on our financial performance.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td><strong>Dependence on private sector clientele for a portion of our revenue</strong></td>
<td>Our response to this is to adopt a selective approach to our potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.</td>
</tr>
<tr>
<td></td>
<td>Over the years, we have tapped on the private sector increasingly for projects so as to lessen our reliance on the public sector. Since early 2006, we have undertaken a number of projects in the oil and 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.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Description of Risks</td>
<td>Our Risk Management</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9.</td>
<td>Liability claims and disputes</td>
<td>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 staff with regular and relevant training.</td>
</tr>
<tr>
<td></td>
<td>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, which 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. It is a general practice that we provide customers with retention sums or performance bonds of up to 5 per cent of the contract value. In the event that projects are delayed, or if any claims for defects are made, whether or not they are due to our fault or that of our suppliers or sub-contractors, these retention sums or performance bonds could be forfeited or defaulted.</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Exposure to cost overruns</td>
<td>As such, cost control measures are carried out at various stages along the entire project execution stage 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.</td>
</tr>
<tr>
<td></td>
<td>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:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(i) When incorrect estimations of costs are made during the tender stage;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(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.</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Dependence on foreign workers and exposure to labour shortages or changes in labour policies</td>
<td>Although we do face big constraints in hiring foreign labour currently, we make every effort to retain those who are currently with us, for example, by enhancing their skills through periodic training and upgrading. In this way, we can also increase our productivity.</td>
</tr>
<tr>
<td></td>
<td>The construction industry is highly labour-intensive and relies on a large number of skilled foreign workers. Supply and demand for such foreign labour are dependent largely on government policies and the general economic health of the host countries.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>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 decrease our earnings.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Description of Risks</td>
<td>Our Risk Management</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>12.</td>
<td>Dependence on professional and skilled staff</td>
<td>The construction industry is dependent on skilled and experienced engineers and project staff to ensure the efficient running of projects onsite. 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. We continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled staff and attract new recruits.</td>
</tr>
<tr>
<td>13.</td>
<td>Excessive warranty claims</td>
<td>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. In the event that there are disproportionate warranty claims for rectification and repair works, our financial performance would be adversely affected. With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past four financial years.</td>
</tr>
<tr>
<td>14.</td>
<td>Financial risks</td>
<td>The Group’s activities expose it to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to currency risk, the Group is exposed to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, the Group is also subjected to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counterparty may default on its contract obligations, thus resulting in financial loss to the Group. More details on how we manage these risks are found on pages 165 to 172 of the Annual Report (under the Notes to the Financial Statements). To mitigate liquidity risk, we maintain sufficient cash and cash equivalents and ensure that we have an adequate amount of committed credit facilities to enable us to meet our normal operating commitments.</td>
</tr>
<tr>
<td>15.</td>
<td>Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays</td>
<td>From time to time, due to unforeseen circumstances and events beyond our control, delays in the completion of a project may occur. These delays include unfavourable weather situation, shortage of construction materials or labour disputes, breakdown of equipment and machinery and insufficient deployment of resources. Government directives for the temporary stoppage of work may also cause project delays. If the completion of our projects is delayed, and especially if the delay is due to our failure, we may be liable to pay liquidated damages under the contract, and face further claims from our customers for damages, thus incurring additional costs. If this happens, there will be an adverse impact on our business operations, financial condition and financial performance. There can be no assurance that there will not be any delays in our existing and future projects, thus resulting in the payment of liquidated damages that may materially affect our financial performance and financial condition. We have put in place a capable team of project managers to monitor the projects closely so as to ensure the smooth progress of the projects and to ensure that they are constructed on time and within budget.</td>
</tr>
<tr>
<td>No</td>
<td>Description of Risks</td>
<td>Our Risk Management</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>16.</td>
<td><strong>Industry hazards, especially in the oil and gas industry</strong></td>
<td>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 worksites are well equipped with suitable safety management procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety staff are prepared at all times and in the event that industrial accidents happen. We are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.</td>
</tr>
<tr>
<td></td>
<td>Safety is paramount for all our projects, and this is especially critical in worksites related to the oil and 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 mainly on identifying and applying safe workplace practices at all worksites, for our own as well as sub-contractors’ employees. We conduct regular health and safety seminars to inculcate a safety culture for people at all levels, including new recruits, particularly in the first six months of employment. We may be liable for fines and penalties if we breach workplace safety or regulatory requirements and should this come about, our operations and financial performance may be adversely affected.</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td><strong>Sub-contracting risks</strong></td>
<td>We identify good and reliable sub-contractors and minimise risks through checks and referrals. We also make it a point to use reliable subcontractors, especially those with whom we have worked effectively in earlier projects.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Description of Risks</td>
<td>Our Risk Management</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td><strong>Liability for any design defects or failure in the civil engineering works</strong></td>
<td>We make it a priority to work with reputable architects and engineers, especially those whom we have worked with for a long time or have been referred to us.</td>
</tr>
<tr>
<td>18</td>
<td>Generally, we will engage the services of external consultants such as architects and engineers for design-and-build projects. If there are any design defects in the architectural or engineering design of our civil engineering projects due to these external consultants’ negligence and through no fault on OKP’s part, although we had exercised reasonable degree of skill and care as the main contractor, we may still be liable to the customer under the contract for such failures. As at 31 December 2014, we have not been made liable for any liabilities arising from any defect in the projects’ design, although there is no assurance that such liability will not arise in the future. If customers were successful in obtaining a court judgment or an arbitration award against us for claims on the grounds of design defects, such claims may adversely impact our financial performance and financial condition.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Accidents at our construction sites</strong></td>
<td>We have a team of experienced safety personnel onsite who monitor closely the construction sites to ensure that workers comply with all safety standards.</td>
</tr>
<tr>
<td>19</td>
<td>Even though we emphasise and have put in place safety measures, accidents may occur at the construction sites for our projects due to the nature of our business. Such mishaps may severely disrupt our operations at the construction sites, and thus, lead to a delay in the completion of a project. This may result in liquidated damages under the contract with our customers. Such accidents may also subject us to claims from workers or other persons involved in such mishaps for damages suffered by them. If there are any significant claims which are not covered by our insurance policies, these claims of liquidated damages by customers may materially have an adverse impact on our business operations and financial performance.</td>
<td></td>
</tr>
</tbody>
</table>
### RISK ASSESSMENT AND MANAGEMENT (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Description of Risks</th>
<th>Our Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td><strong>Insurance coverage may not be adequate</strong>&lt;br&gt;Due to fire, theft and natural disasters such as floods, we may face the risk of loss or damage to our properties, machinery and building materials. Such events may cause a cessation in our operations at the construction sites.</td>
<td>We have put in place various insurance policies such as those covering losses including workmen compensation insurance, insurance relating to group hospitalisation and surgical insurance, insurance relating to all risks machinery and equipment, fire insurance, motor vehicle insurance and contractor’s all-risks insurance. If such loss or damage exceeds the insurance coverage or is not covered by the insurance policies which we have taken up, we may still be liable to cover the shortfall in the amounts being claimed. Thus, such a situation may adversely impact our financial performance.</td>
</tr>
<tr>
<td>21.</td>
<td><strong>Delays in finalisation of the value of additional works under variation orders and in certification of completed works by our customers.</strong>&lt;br&gt;In the course of our projects, we may be instructed and may perform additional works under variation orders before finalisation of the charges for such additional works. As a result, we may have to pay upfront to our suppliers and sub-contractors to carry out these additional works even though our customers may not have paid us. Thus, this may adversely affect our operating cash flow.</td>
<td>We have a team of site staff to monitor the progress of additional works under variation orders as required by our customers. This ensures that works under variation orders are actually documented to avoid disputes.</td>
</tr>
<tr>
<td>22.</td>
<td><strong>Performance bond guarantee</strong>&lt;br&gt;Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities.&lt;br&gt;In line with industry practice, certain projects in which we act as the main contractor require a performance bond from a bank to guarantee our contractual performance in the project. Generally, the performance bond covers up to approximately 5.0 per cent of the project’s contract value. If we default in our contractual obligations, the project owner would be entitled to call on the bond with the bank and our liquidity and financial position may be adversely affected.&lt;br&gt;&lt;br&gt;For the review period, we have not encountered any problems securing performance bonds for our projects. We have also provided corporate guarantees to secure performance bonds from banks for our ongoing projects. There is no assurance that we can continue to secure performance bonds for our new projects in the future or secure them at favourable terms. If we are unable to secure performance guarantees from our banks, we may be unable to secure new projects, and this would have a material adverse effect on our revenue and profitability.</td>
<td>We seek to build good rapport with and win support from our banks so that they will provide sufficient bankers’ guarantees to support newly awarded projects.</td>
</tr>
<tr>
<td>No</td>
<td>Description of Risks</td>
<td>Our Risk Management</td>
</tr>
<tr>
<td>----</td>
<td>----------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>23</td>
<td><strong>Successful bidding</strong></td>
<td>We have a team of experienced project directors, project managers and quantity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>surveys, who are committed to analysing and reviewing tender documents. We also</td>
</tr>
<tr>
<td></td>
<td></td>
<td>have suppliers and subcontractors who provide us with competitive prices for their</td>
</tr>
<tr>
<td></td>
<td></td>
<td>quality products and services.</td>
</tr>
<tr>
<td></td>
<td><strong>Our financial performance is dependent on our successful bidding for new</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>projects and the non-cancellation of secured projects.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>As most of our projects are undertaken on a non-recurring basis, we need</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>to continuously and consistently secure new projects of similar value and</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>volume. There is no assurance that we will be able to do so. And if we are</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>not able to secure such new projects on favourable terms and conditions,</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>this would adversely impact on our financial performance. In addition, the</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>scope of work in a project will affect our profit margin and our financial</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>performance. If we are to subcontract a material portion of the project</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>work to a third party subcontractor, our profit margin from such project</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>may be reduced.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Cancellation or delay in commencing secured projects due to changes in</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>our customers’ businesses, poor market conditions and lack of funds by</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>the project owners may adversely affect us. There may also be a lapse of</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>time between a project’s completion and the commencement of a</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>subsequent project. Such disruptions could lead to idle or excess capacity.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>If we are unable to secure replacement projects on a timely basis, the</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>idle or excess capacity may adversely affect our business and financial</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>conditions.</strong></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td><strong>Risk associated with joint ventures</strong></td>
<td>We have our legal advisor to review all our agreements and ensure the company is</td>
</tr>
<tr>
<td></td>
<td></td>
<td>well-protected against risks such as defaults by joint venture partners.</td>
</tr>
<tr>
<td></td>
<td><strong>We are subject to risks associated with joint ventures.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>We expect that we may, as a matter of business strategy, from time to time</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>enter into construction projects through the formation of joint ventures.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>These joint ventures involve a certain amount of business risks such as the</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>inability or unwillingness of joint venture partners to fulfill their</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>obligations under the joint venture agreements (if any). There is no</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>assurance that we will not, in the future, encounter such business risks</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>which, if financially material, will have an adverse effect on our business</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>operations, financial performance and financial condition.</strong></td>
<td></td>
</tr>
</tbody>
</table>