We pro-actively build our talent pool in order to maintain a competent team for our business needs, to stay ahead of the competition and for a brighter future.
SUSTAINABILITY STRATEGY
The Board is of the view that sustainability means operating our business in a way that is not only financially profitable but also makes a significant positive impact on our stakeholders and the environment. It is a strategic approach that leads to good management, greater effectiveness and sound business performance. We have emphasised sustainability issues in formulating our strategies for the company. The Board is committed to sustainability and fully endorses the adoption of the new Singapore Exchange (SGX) sustainability reporting guidelines for all listed companies.

SUSTAINABILITY FRAMEWORK
The Group reports on its sustainability performance according to the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

SUSTAINABILITY GOVERNANCE
During the financial year ended 31 December 2018, the Board together with the management reviewed the Company’s sustainability objectives, challenges, targets and progress. The management provides regular updates to the Board, and in turn, the management will be evaluated by its success in implementing OKP’s strategic plans to meet stakeholders’ and the Board’s expectations.

This report aims to communicate the Group’s firm commitment towards corporate sustainability and good corporate governance. It seeks to include comprehensive and accessible information on OKP’s strategy with regards to its sustainability approach and related key issues according to recognised standards.

MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS – POLICIES, PRACTICES, PERFORMANCE AND TARGETS
The Group recognises the growing importance that our stakeholders are attaching to Environmental, Social and Governance (ESG) issues and the meaningful impact that OKP can have on the environment and society.

We continue to identify and evaluate the material ESG factors in our business to make sure they are on the right track.

As sustainability issues and risks undergo constant changes, we see this as an ongoing journey as we move towards our 2020 sustainability targets.

On behalf of the Board

OR TOH WAT
Group Managing Director
The Group believes that sustainability is about pursuing excellence and enhancement in tackling and acting on environmental, social and governance issues facing our business. We seek to be an advanced and steadfast company with a resolute commitment to corporate responsibility and sustainability. We want to be a responsible corporate citizen, providing transparent disclosure of the economic, social and governance aspects of our business performance to all our stakeholders, as well as put into operation a monitoring framework.

Since 2010, the Group has published annual reports on nurturing the environment, empowering people and the community, and reinforcing corporate governance.

This is the fourth year that OKP is presenting a sustainability report. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option and Practice Note 7.6 Sustainability Reporting Guide and Rules 711A and 711B of the SGX Listing Manual. The report is for the financial year from 1 January 2018 to 31 December 2018. The current report is not subject to any external assurance. We may consider seeking external assurance in the future.

The Group’s phased approach to sustainability reporting:

<table>
<thead>
<tr>
<th>Primary Components</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material environmental, social and governance (ESG) factors</td>
<td>We have identified and addressed the most critical factors</td>
<td>We will review factor assessment and add factors, which have become material and remove existing factors which are no longer material</td>
<td>We will review factor assessment and add factors, which have become material and remove existing factors which are no longer material</td>
</tr>
<tr>
<td>Policies, practices and performance</td>
<td>We have described how we managed the material factors in the “Risk Assessment and Management” section of this Annual Report</td>
<td>We will describe and include specific policies and practices for each material factor</td>
<td>We will describe and include specific policies and practices for each material factor</td>
</tr>
<tr>
<td>Targets</td>
<td>We have disclosed some quantitative performance indicators</td>
<td>We will disclose some quantitative performance indicators</td>
<td>We will disclose some quantitative performance indicators</td>
</tr>
<tr>
<td>Sustainability Reporting Framework</td>
<td>GRI</td>
<td>GRI</td>
<td>GRI</td>
</tr>
<tr>
<td>Board Statement</td>
<td>Complied</td>
<td>Will comply</td>
<td>Will comply</td>
</tr>
</tbody>
</table>
BOOSTING STAKEHOLDER ENGAGEMENT

The Group seeks to develop and offer sustainable value to all our stakeholders. To achieve this goal, we strive to provide quality products and services, make sure that our customers are pleased, be an employer of choice, oversee our supply chain, and nurture our environment and community. It is a priority on our part to engage our stakeholders frequently and reassure them of OKP’s unchanging commitment.

By assessing the significance and impact of stakeholders’ interests on our business, OKP has identified six key stakeholder groups:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Key Topics</th>
<th>Engagement Platform</th>
<th>OKP’s Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients/customers</td>
<td>Site safety, delivery of services on time</td>
<td>Meetings, feedback channels such as email communication</td>
<td>Provide clients/customers with excellent service on time, within budget and with emphasis on high standards of quality, reliability and safety</td>
</tr>
<tr>
<td>Employees</td>
<td>People development</td>
<td>Training</td>
<td>Develop our employees to their full potential by offering training and staff development, a fair and equitable reward system and a safe working environment</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Compliance, safety, delivery of services on time</td>
<td>Regular meetings with key suppliers and site visits by the Management</td>
<td>Cultivate and strengthen relationships with our suppliers and monitor our supply chain in order to achieve project excellence and the highest environmental, health and safety standards</td>
</tr>
<tr>
<td>Shareholders/investors</td>
<td>Business strategy</td>
<td>Conference calls, shareholders’ meetings, results webcast, emails and Q&amp;A portals</td>
<td>Maximise shareholder return on investment through solid fundamentals and strategies while maintaining excellence in our products and services</td>
</tr>
<tr>
<td>Community</td>
<td>Community investment</td>
<td>Meetings, donations</td>
<td>Contribute to the community by supporting various charitable causes and organisations and minimise any adverse impact on the environment as a good corporate citizen</td>
</tr>
<tr>
<td>Government/regulators</td>
<td>Opportunities for business collaboration, sharing of industry best practices, compliance</td>
<td>Industry networking functions, overseas study trips and meetings, attend seminars conducted by the regulators, maintain communication channels with the regulators</td>
<td>Shape the business environment in which we operate. We track topics of concern to government to ensure that our businesses are equipped to meet the legislative and regulators’ requirement</td>
</tr>
</tbody>
</table>
The Group is committed to listening to all its stakeholders and we welcome feedback on this report. For enquiries, please contact the CSR Department at okpcsr@okph.com.

Based on our engagement with stakeholders, we have identified the following key material ESG factors that have an impact on our business:

<table>
<thead>
<tr>
<th>Primary Factor</th>
<th>Material Components</th>
<th>Performance Measures</th>
<th>2019 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Economic performance</td>
<td>Value-added performance</td>
<td>Improvement in value-added performance indicator</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial performance</td>
<td>Improvement in revenue and profit</td>
<td></td>
</tr>
<tr>
<td>2. Anti-corruption</td>
<td>Zero tolerance towards fraud, corruption and unethical actions</td>
<td>Adhere to the Group’s zero tolerance towards fraud, corruption and unethical actions</td>
<td></td>
</tr>
<tr>
<td><strong>ENVIRONMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Water consumption</td>
<td>Water consumption (Cu M)</td>
<td>Reduce water consumption by 5%</td>
<td></td>
</tr>
<tr>
<td>4. Electricity consumption</td>
<td>Electricity consumption (kWh)</td>
<td>Reduce electricity consumption by 5%</td>
<td></td>
</tr>
<tr>
<td>5. Fuel consumption (by lowering fuel consumption in construction vehicles and heavy machineries)</td>
<td>Diesel consumption (litres)</td>
<td>Reduce diesel consumption by 5%</td>
<td></td>
</tr>
<tr>
<td>6. Minimisation of material wastage</td>
<td>Rate of construction material wastage</td>
<td>Reduce construction material wastage from 3% to 2%</td>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL AND GOVERNANCE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Health and safety (minimising risk of accidents through education programmes in order for the employees to act responsibly)</td>
<td>Fatal incident rate</td>
<td>Zero fatality rate</td>
<td></td>
</tr>
<tr>
<td>8. Training and education of employees</td>
<td>Training hours and costs</td>
<td>To increase the training hours and training costs by 5%</td>
<td></td>
</tr>
<tr>
<td>9. Participation in local programmes such as donations, education programmes, building infrastructure for liveable communities, supporting sustainable community development</td>
<td>Total CSR spending per annum</td>
<td>We will continue to actively participate in CSR initiatives</td>
<td></td>
</tr>
<tr>
<td>10. Employee retention</td>
<td>Staff turnover rate</td>
<td>To maintain the staff turnover rate below 10%</td>
<td></td>
</tr>
<tr>
<td>11. Diversity i.e. embedded diversity in the Company’s culture, creating a more flexible working environment</td>
<td>Percentage comparison of male and female employees</td>
<td>Ensure equal opportunity and non-discrimination towards both males and females</td>
<td></td>
</tr>
<tr>
<td>12. Supplier chain management</td>
<td>To strengthen our supply chain management efforts</td>
<td>Drive responsible business practices across the supply chain</td>
<td></td>
</tr>
</tbody>
</table>
We have prioritised them using a matrix. The following matrix plots the potential issues based on likelihood and impact.

<table>
<thead>
<tr>
<th>Likelihood of influence on external stakeholders</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
</table>
| High                                          | 7. Health and Safety  
9. Participation in Local Programmes | 11. Diversity |
| Medium                                        | 3. Water Consumption  
4. Electricity Consumption  
5. Diesel Consumption | 1. Economic Performance  
6. Waste Minimisation  
10. Employee Retention |
| Low                                           | 8. Training and Education of Employees  
12. Supply Chain Management | 10. Employee Retention |

Impact to our business

NURTURING THE ENVIRONMENT

At OKP, we are fully aware of our responsibility for nurturing the environment and minimising negative environmental consequences at our worksites and the environment where we operate. We keep a close watch on our energy (both electricity and diesel), waste and water management at our workplaces to make sure that we use our resources wisely, meaningfully and sensibly. During the past year, although electricity and diesel consumption has increased slightly, water consumption has decreased, compared to the previous year. Material wastage remained constant at 3 per cent. We actively manage the emissions from all our operations to ensure that we manage the environment impact.

In addition, the Group has been playing its role in advocating a green environment and in fact, has been acknowledged for its environmentally-friendly initiatives. Since 2012, we have won five awards for being a green and gracious builder and one for construction environmental award.

At OKP, we adopt a holistic approach in understanding and managing the environmental impact of our activities and other risks in our supply chain. In managing our supply chain, the Group has established a process for choosing its suppliers by checking on their industry reputation, track record, and Health, Safety and Environment (HSE) standards. We attach great importance to engaging our potential and current suppliers through frequent reviews and feedback to make sure they have the right abilities, track record and sufficient resources to support our projects and activities. During the year, OKP was fined for 4 (2017: 6) incidences of mosquito breeding.

Below are OKP’s key economic performance indicators:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($'000)</td>
<td>90,449</td>
<td>117,530</td>
</tr>
<tr>
<td>Value added available for distribution ($'000)</td>
<td>49,326</td>
<td>56,635</td>
</tr>
<tr>
<td>Net profit ($'000)</td>
<td>6,488</td>
<td>12,716</td>
</tr>
</tbody>
</table>
Below are OKP's key environmental performance indicators:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption (Cu M)</td>
<td>20,014</td>
<td>27,927</td>
</tr>
<tr>
<td>Electricity consumption (kWh)</td>
<td>665,666</td>
<td>782,211</td>
</tr>
<tr>
<td>Diesel consumption (cu/m)</td>
<td>2,113,127</td>
<td>2,812,000</td>
</tr>
<tr>
<td>Material wastage</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Fatal accident</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

**EMPOWERING PEOPLE AND THE COMMUNITY**

The Group seeks to empower its people and the community. We aim to be a trustworthy and compassionate employer to our 695-strong talent pool by providing training and developing them to reach their fullest potential, so that they can enjoy meaningful and rewarding careers within the organisation. 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. The Group does not have any collective bargaining agreement with its workforce.

At OKP, we have set up a culture of safety by implementing safety and environmental awareness programmes to ensure the health and safety of our employees and others, who visit or work at our worksites and premises. The Group also monitors energy, waste and water management at its worksites and offices to make sure that it is using its resources effectively and in a meaningful and responsible way.

Since 2006, the Group has won 19 safety awards in recognition of its outstanding performance in occupational safety and health management and accident-free environment.

As a responsible and good corporate citizen, we strive to empower people in the community. We believe we should support the disadvantaged and needy in our society through our various donations, sponsorships and voluntary work. Through this method, we also strengthen our reputation as a good corporate citizen, who takes its corporate social responsibilities seriously.

**FORTIFYING CORPORATE GOVERNANCE**

To fulfil its vision to be the leading transport infrastructure and civil engineering company in Singapore, the region and beyond, the Group seeks to fortify its corporate governance, besides nurturing the environment and empowering its people and the community.

To improve our corporate governance, we are committed to and emphasise the principles of sustainability reporting. The Group aims to improve its performance in financial reporting as well as reporting on non-financial matters such as corporate governance, and social and environmental responsibilities.

We have established a structure to govern our sustainability function. Under the direction of the Board of Directors, the Group Managing Director pro-actively oversees a Sustainability Management Team.
Thus, our approach is both open and transparent in providing the latest and most appropriate information on our financial and non-financial business performance to all our stakeholders. We make it our priority to share relevant information relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance in order to keep our stakeholders well informed. We also place importance in maintaining a high standard of ethical practices and transparency in dealing with our stakeholders.

As a public company listed on the Singapore Exchange, OKP seeks to sustain its growth, and operate its business ethically and profitably, with a firm commitment to maintaining high standards in corporate governance and judicious risk management. We strongly believe that we will continue to be a resilient and sustainable company, which is able to overcome unpredicted challenges and become a stable business that brings long-term value to all our shareholders.

Below are our social and governance performance indicators:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training hours</td>
<td>3,927</td>
<td>6,094</td>
</tr>
<tr>
<td>Training hours per employee</td>
<td>5.64</td>
<td>7.8</td>
</tr>
<tr>
<td>Training costs (net of government grants)</td>
<td>$61,000</td>
<td>$219,000</td>
</tr>
<tr>
<td>Total CSR spending per annum</td>
<td>$114,000</td>
<td>$79,000</td>
</tr>
<tr>
<td>Staff turnover rate</td>
<td>16.6%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Employees by gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Male</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>• Female</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

In summary, we seek to sustain our business growth and profitability by our dedication to excellent corporate governance, sound financial management and efficient operation; and empower our employees through our initiatives to nurture and reward them for good work efforts. In addition, we seek to provide a positive impact on the community by upholding better corporate social responsibility, and to promote a greener environment by executing environment-friendly initiatives in all our undertakings.
## GRI CONTENT INDEX

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<td></td>
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## SUSTAINABILITY REPORT

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<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
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<td></td>
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<td>73</td>
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<td><strong>GRI 205: Anti-corruption 2016</strong></td>
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<td>205-2</td>
<td>Communication and training about anti-corruption policies and procedures</td>
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<td>Our People</td>
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<td><strong>Environmental Standards</strong></td>
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<tr>
<td>GRI 103: Management approach 2016</td>
<td></td>
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<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>60, 61</td>
<td>Sustainability Report</td>
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<td>103-2</td>
<td>The management approach and its components</td>
<td>61-62</td>
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<td>Energy consumption within the organisation</td>
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<td>Reduction of energy consumption</td>
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<td>303-1</td>
<td>Water withdrawal by source</td>
<td>62-63</td>
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<td>Disclosure</td>
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<td>305-1</td>
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<td>403-2</td>
<td></td>
<td>75-77</td>
<td>Safety and Environmental Awareness and Our People</td>
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<td>403-3</td>
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<td>Safety and Environmental Awareness and Our People</td>
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<td></td>
<td>404-2</td>
<td></td>
<td>68-69</td>
<td>Our People</td>
</tr>
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<td>GRI 405: Diversity and Equal Opportunity 2016</td>
<td>405-1</td>
<td></td>
<td>68</td>
<td>Our People</td>
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<tr>
<td>GRI 406: Non-discrimination 2016</td>
<td>406-1</td>
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<td>GRI 413: Local communities 2016</td>
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<tr>
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<td>416-1</td>
<td></td>
<td>82-83</td>
<td>Our Customers</td>
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<tr>
<td></td>
<td>416-2</td>
<td></td>
<td>82-83</td>
<td>Our Customers</td>
</tr>
<tr>
<td>GRI 419: Socioeconomic Compliance 2016</td>
<td>419-1</td>
<td></td>
<td>62</td>
<td>Sustainability Report</td>
</tr>
</tbody>
</table>
OUR PEOPLE

Our people are one of the Group’s key assets as they play a vital role in supporting OKP to overcome challenging times and build resilience through the ups and downs of its business cycle. Their wide expertise, collaborative team efforts and dedication have enabled the Group to strive towards its vision to be one of the leading players in the transport infrastructure and civil engineering industry in Singapore, the region and beyond.

At OKP, we acknowledge that the employees’ commitment and hard work to achieve our business have been a pillar of strength for the company since it was founded in 1966. They have been pivotal in helping the company to gain greater competencies and skillsets, thus enhancing its competitiveness. As such, we focus on the Group’s guiding principle to our staff, which is our commitment to provide a safe working environment, training and advancement in their respective fields and fair and equitable compensation and benefits that reward their productivity.

In pursuit of its business goals and attainment of sustainable revenues and profits, OKP is committed to building its talent pool. We proactively build our talent pool in order to maintain a competent team for our business needs, to stay ahead of the competition and for a brighter future. The Group focuses on recruiting, nurturing and developing a capable and motivated team, who can plan, manage and implement the various projects professionally and to a high standard. They will be nurtured to be part of a proficient and strong team, who can meet the business challenges of today and many tomorrows.

In order to draw and recruit the right team of people with the right skills and experience to plan and execute our business strategies, OKP has established a human resources strategy and programme to be implemented for the whole company. The Group identifies with its people’s aspirations, emboldens them to perform to the best of their abilities and assists them to rise through the ranks. We also endeavour to improve our human resources and people development practices in order to attract and retain the best talents.

Our workers comprise corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our staff originate from diverse backgrounds and nationalities including China, Taiwan, Malaysia, India, Myanmar, Philippines, Thailand and Bangladesh. With such varied and diverse backgrounds, OKP’s management must inculcate common goals and core values so as to develop a capable and effective team. Thus, a result-oriented recruitment, training and development method is fundamental to ensuring OKP’s long-term business success and financial stability.

ORIENTATING NEW STAFF

To enable new staff to familiarise themselves immediately and speedily with OKP’s culture and environment, the Group has implemented a tried-and-tested employee orientation programme, which assists them in understanding the company’s policies, and ethical and safety standards.

Our staff orientation policy aims to integrate newcomers by imparting to them OKP’s core values and benchmarks so that they can adapt smoothly and quickly to the Group’s approach of working internally and externally with various stakeholders.

By following this method, new hires can start to make instant contributions when they join the company. We realise from our past experience that a good orientation programme makes
a great difference to staff retention, as we notice that new employees generally decide to remain with the Group within the first six months of their employment.

DEVELOPING OUR PEOPLE

The Group is committed to be an employer of choice, and makes it a priority to attract, nurture and retain capable and qualified staff in order to build a solid and resilient team. Indeed, we aim to nurture our people to their fullest potential so that they can help OKP to attain sustainable and stable growth today and in the future. We focus on staff learning and training in order to equip the workforce with the essential technical knowledge, skillsets and abilities to meet the demands of their jobs effectively.

Over the past decades, the Group aims to promote an environment that inspires its workforce to achieve good and high performance. As such, the company has invested extensively in developing our staff training. We do this by implementing relevant training and development courses to continuously equip them with key competencies and skills so that they can perform in their current jobs efficiently. Training is provided to employees based on job requirements and merit in order to further improve their technical and functional capabilities for now and for future requirements of OKP’s business.

We seek to nurture our people’s talents to their fullest potential so that they can develop their careers within OKP. We do this by providing our workforce with various development opportunities for professional and personal growth such as going on local and overseas industry immersion programmes.

Through such opportunities, they can find job satisfaction and enjoy the advantages of working in a solid and progressive company, which they can take great pride in.

Our human resources management policy sets out a distinct career path for each individual employee, a competency framework for each job level, and a performance system linking individual contributions, business objectives and rewards to performance. In 2016, we signed “The Pledge for a Better Built Environment Workplace” developed by the Building and Construction Authority (BCA) and Construction Industry Joint Council. In signing the Pledge, OKP has shown commitment to the adoption of good human resources practices based on the following key human resources principles:

- Performance management,
- Recruitment and on-boarding,
- Staff engagement,
- Remuneration, rewards and benefits, and
- Wellness and support.

PROVIDING SPONSORSHIPS AND SCHOLARSHIPS

For its long-term plan to attract the right talent for the right job for the future, the company has been offering educational scholarships and sponsorships to students, who may be the Group’s potential recruits in the years ahead. In recent years, OKP has participated in the BCA–Industry Environment Undergraduate Sponsorship/Scholarship programme, which has resulted in bringing young and fresh talents into the company.

Since 2012, OKP has provided a total of five scholarships and sponsored 12 people for diploma, undergraduate and master courses. In 2018, OKP provided one scholarship under the BCA-OKP Built Environment Undergraduate programme for a Bachelor of Engineering (Civil Engineering) course at the National University of Singapore (NUS). One of our sponsored students in 2016 has graduated in 2018 from NUS with a Master of Geotechnical Engineering and is now working at our company.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sponsorships</th>
<th>Scholarships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>-</td>
<td>1 BE (NUS)</td>
<td>1</td>
</tr>
<tr>
<td>2017</td>
<td>2 BE</td>
<td>1 BE (NUS)</td>
<td>3</td>
</tr>
<tr>
<td>2016</td>
<td>1 Specialist Diploma in Lean Construction (BCA Academy) 1 MSc (Geotechnical Eng) (NUS)</td>
<td>1 BE (NUS)</td>
<td>3</td>
</tr>
<tr>
<td>2015</td>
<td>4 BE (NTU) 1 BE (NUS)</td>
<td>1 BE (NTU)</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>2 BE (NTU) 1 BE (NUS)</td>
<td>1 BE (NUS)</td>
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<tr>
<td>2012</td>
<td>2 MSc (NUS)</td>
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<tr>
<td></td>
<td><strong>12</strong></td>
<td><strong>5</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

Footnote:

BE (Bachelor of Engineering (Civil Engineering))
NUS (National University of Singapore)
NTU (Nanyang Technological University)
PROVIDING LOCAL AND OVERSEAS INDUSTRY IMMERSION PROGRAMME

Under OKP’s overseas industry immersion programme, the Group has been sending staff on overseas trips to acquire fresh skillsets and increase their technical knowledge. In 2017, two trips were organised to South Korea. The first trip was from 18 to 21 October 2017 for the technical staff to learn more advanced technologies and best practices, which were utilised in various complex and major construction projects. They also visited factories and laboratories to find out more of the host’s manufacturing and project capabilities. The second trip from 1 to 4 November 2017 was to accumulate insights on advanced technologies and best practices implemented in complex and major construction projects. These technologies included decking system, use of BIM models, application of products and other advanced technologies in construction.

Some employees attended the Stanford CIFE-BCA Advanced Management Programme 2017: Virtual Design and Construction in the United State of America (USA). Group Managing Director, Mr Or Toh Wat took part in a Joint BCA-GeoSS study trip to Germany and Spain from 27 May to 4 June 2017.

The Group also sent its senior management for relevant conferences such as the XXI World Congress on Safety and Health at Work 2017 in Singapore held from 3 to 6 September 2017. Two OKP directors attended the congress, which was organised by the Singapore Ministry of Manpower, plus the International Labour Organisation and the International Social Security Association. In April 2016, Group Managing Director, Mr Or Toh Wat, together with a Project Engineer attended BAUMA Construction Trade Expo in Germany to pick up new technologies and equipment, which may be applicable for our local projects. In addition, five staff attended the Singapore International Transport Congress and Exhibition (SITCE) 2016 with the theme “Innovating Transport for Liveable Cities” in Singapore in October 2016.

Two overseas industry immersion trips were organised by the company in 2015. In the first specialised overseas project immersion programme, nine employees went to Ipoh, Malaysia in July 2015 to visit a precast yard and a project site, which were exhibiting the precast segment launching process. The second programme was in Jakarta, Indonesia in November 2015, which involved sending batches of at least five senior project engineers for one week to visit a project site and supervise the work for a 60-storey integrated development. Through this immersion programme, our engineers gained valuable knowledge of the method of piling work for big diameter and long depth of bored piles, which will be useful knowledge when OKP tenders for more complex projects.

The Group also took part in BCA’s local industry immersion trips to other contractors. A team of engineers visited a local contractor’s site to learn about construction methods for building Punggol Bridge across Sungei Serangoon on 16 September 2017. We also sent some staff to attend the Stanford CIFE-BCA Advanced Management Programme 2017: Virtual Design and Construction at the BCA Academy.

The Group’s senior management also seek to enhance their leadership skills and expertise. Executive director, Mr Or Lay Huat Daniel attended the Certificate in Imperial College London-BCA Executive Development Programme on DfMA and IDD Leadership in March 2018. Group Managing Director, Mr Or Toh Wat also attended the same programme at Imperial College London in November 2018.
In November 2015, Group Managing Director, Mr Or Toh Wat attended the Stanford Virtual Design and Construction Leadership Programme in USA. This leadership course was organised by the Stanford University’s Centre for Integrated Facility Engineering (CIFE) and BCA.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

The Group’s guiding principle is to provide a safe working environment for its employees at the construction sites. Thus, to ensure excellent safety standards, OKP strives to foster sound work safety and environmental awareness at all its construction sites. We emphasise and execute stringent safety management throughout the various stages of the projects, beginning at the project management stage, during the construction and site management stages until the successful completion of the projects.

As a reliable contractor in transport infrastructure and civil engineering, the Group makes it a priority to comply with all relevant legislative and regulatory requirements to ensure and safeguard workplace safety, environmental protection and the well-being of all employees. For example, all new recruits go through a mandatory safety induction on the importance of using personal protective equipment and undertaking all risk management procedures.

In advocating and supporting a healthy and safe working environment for our workforce, OKP does not just focus on its own employees. Our view is that our subcontractors and various partners are just as crucial as they also play a significant role in maintaining sound occupational health and safety. We work very closely with them to ensure that they share the same dedication to work together to strengthen safety and environmental standards. A safe construction site not only minimises unnecessary risks in a project, it also improves employees’ morale and increases client satisfaction levels. It is the Group’s policy that all incidents are monitored and reported at once, and not just those that resulted in actual injuries. We emphasise this procedure to all our supervisors and workforce so that we can learn from and rectify past blunders as well as attain our vision of zero injuries.

Since 2006, OKP has been receiving numerous safety accolades in recognition of its high standard of health and safety awareness at its various worksites. In total, the Group has won a total of 19 safety awards, five green and gracious awards and one construction environment award.

In 2017, OKP received a “Safety Recognition” Award from the Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport - the only contractor under Airside Project to be rewarded with such award. This was the second year running that the Group had received such a safety award from the Changi Airport Group. Another award received by the Group was the Green and Gracious Builders Award conferred by the BCA since May 2012. The award 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. It also sets standards for gracious practices, which will enhance the image of builders and the construction industry, particularly in neighbourhoods affected by construction activities.

One of OKP’s aims is to deter the workforce from being absent from work. Absenteeism from work has an adverse impact on both direct and indirect costs. It also shows a low level of job satisfaction and a lack of dedication to the Group. Furthermore, absenteeism also interferes and disrupts operations at the office premises and construction sites. In order to achieve a low level of absenteeism among its employees, OKP seeks to provide a positive working environment and helps its staff to perform effectively at work with proper guidance and appropriate mentoring.

SAFEGUARDING ETHICAL PRACTICES

The Group makes sure that all employees follow and abide by ethical practices diligently and without compromise. We hold strong views on anti-corruption and have zero-tolerance towards bribery and corrupt practices. This view is emphasised to all our staff, who may come from different countries and backgrounds with varying ethical standards and accepted cultural practices.

At OKP, we ensure that our workforce understand and comply with the relevant anti-corruption legislations. We provide employees with guidelines on how to declare and comply with our internal policies when giving or receiving gifts, or dealing with entertainment, sponsorships and charitable contributions during the course of their work. During the past year, the Group did not receive any report on incidents of corruption within the company.
OUR PEOPLE

BEING PEOPLE-CENTRIC

To fulfil our mission to be the first and preferred civil engineering contractor for various industries in Singapore and beyond, as well as 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 efficient and reliable performance of all staff to attain our business goals, achieve financial profitability and work together as a solid and resilient company towards a sustainable future.

With the objective of becoming a good people-centric company, the Group has been working on refining its organisational effectiveness and enhancing our communication channels across all levels and between the various business units.

Moreover, we have a review-and-feedback process in place, which has proven to be effective in detecting our employees’ concerns and tackling their issues. We make it our 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 OKP seeks to be a good employer, we treat all staff with dignity and respect by making sure they receive fair treatment. We abide by all labour laws and guidelines that enshrine fair employment practices. We recruit, promote and train staff based on their merit and performance, and do not discriminate based on their nationality, race or religion.

In addition, we fulfil our obligations as a good corporate citizen in supporting national defence by facilitating and enabling our male employees to attend reservist training. Since 2008, the Group has been receiving awards from the government for its support and contributions to Total Defence in Singapore.

As a people-oriented company, we seek the well-being of our staff. Thus, OKP has many welfare initiatives such as our Annual Dinner, Chinese New Year lunch and regular luncheons. 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. We provide maternity leave as well as paternity leave for our employees.

EMPLOYEE PROFILE

GENDER

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<th>FY2018</th>
<th>FY2017</th>
<th>FY2016</th>
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<tbody>
<tr>
<td>Gender</td>
<td>94%</td>
<td>94%</td>
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</tr>
<tr>
<td>Male</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>Female</td>
<td>6%</td>
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AGE

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<tbody>
<tr>
<td>Age</td>
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<tr>
<td>Below 25 years</td>
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<tr>
<td>25 to 34 years</td>
<td>8%</td>
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<td>7%</td>
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<tr>
<td>35 to 44 years</td>
<td>31%</td>
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<td>35%</td>
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<td>45 to 54 years</td>
<td>26%</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>28%</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>65 years and above</td>
<td>2%</td>
<td>7%</td>
<td>6%</td>
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NATIONALITY

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<th>FY2017</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationality</td>
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<td></td>
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</tr>
<tr>
<td>Singaporean/PR</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Malaysian</td>
<td>15%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Indian</td>
<td>43%</td>
<td>43%</td>
<td>42%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Thai</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Filipino</td>
<td>1%</td>
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</tr>
<tr>
<td>PRC</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>6%</td>
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NEW HIRES

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<th>FY2017</th>
<th>FY2016</th>
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<tbody>
<tr>
<td>New hires</td>
<td>31 Employees</td>
<td>51 Employees</td>
<td>115 Employees</td>
</tr>
</tbody>
</table>

Footnote:
1 M&S – Directors, financial controller, managers, engineers and quantity surveyors
2 F&A – Administrators, clerks and account executives
3 S&O – Site supervisors, site clerks, site inspectors, foreman, machine operators, general workers and drivers, ECOs, PROs and land surveyors
Corporate Social Responsibility

Corporate social responsibility (CSR) is a well-known business practice today. It is defined by Financial Times as a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

We seek to be a good corporate citizen, and therefore, it conducts its business in a sustainable way that creates positive economic, social and environmental impact for our stakeholders and their environments. We do this by making sure that our CSR is managed in a prudent manner and that it makes positive contributions towards the community.

We aspire to apply the best practices in all our business operations, and this encompasses giving back to the community, especially in offering support to the disadvantaged and less fortunate members of society. We render financial help through sponsorships and donations to various charitable groups and causes. We also cultivate a spirit of volunteerism among our staff so that they volunteer their time and efforts towards supporting worthy causes, thus making a positive impact on the community.

Over the past years, there is a growing awareness in Singapore and worldwide that undertaking CSR activities can give businesses a competitive advantage compared to those organisations which do not think that CSR can contribute to their bottom-line. It is gaining recognition in many companies, which are making CSR practices an essential aspect of their business operations. These organisations are aware that implementing good CSR practices can bring about benefits such as creating a positive reputation, and creating good morale among staff, resulting in more effective performance, thus attracting more investors and improving productivity.

We are mindful that endorsing CSR will enhance our corporate reputation. To achieve this aim, we demonstrate our care and concern for the community by participating in various fundraising events and philanthropic activities and through our annual Charities of the Year programme. We actively support numerous charities, providing our staff with opportunities to be public-spirited citizens as they take part in numerous fundraising activities for specific causes and needs. Through these fundraising events and charities, we will continue to widen our outreach to many underprivileged and deprived people within the communities that we serve.

We provide financial support and help to the following charities and community organisations:

1. Building fund of the Singapore Buddhist Lodge;
2. Relief, Singapore’s leading independent disaster relief agency, for its Ground Zero Run for Humanity;
3. Adventist Nursing & Rehabilitation Centre, a voluntary welfare organisation which provides physiotherapy and rehabilitation for victims of stroke, head and spinal injury following accidents and other chronic neuromuscular disorders;
4. Students Care Service which has four centres with a team of caring professionals, that are committed to serving children and youth in Singapore, enabling them to maximise their potential;
5. Pertapas Education and Welfare Centre for its Swing for Hope charity golf event to raise funds for its children’s home and centre for women and girls;
6. Pasir Ris East Zone Community Club for its Marathon Ekiden Charity Run to raise funds for its Community Development and Welfare Fund which sponsors bursary awards and good progress awards;
7. Tampines Changkat Consultative Committee for its Festive Wishes Come True event which brings joy to underprivileged children by fulfilling their desired gifts during Christmas;
8. Tagore Business Association, a group formed to enhance Tagore Industrial Estate’s business environment and promote the welfare of businesses, for its Tagore Award which serves to nurture, support and spur them towards achieving business excellence;
9. Nanyang Technological University’s Computer Science and Engineering Club for its overseas community projects;
10. Chee Hoon Kog Moral Promotion Society, a charity which accepts non-paying residents recommended by the Ministry of Social and Family Development, Ministry of Health or through medical social workers of hospitals;
11. Mouth and Foot Painting Artists Pte Ltd, an international, for-profit association wholly-owned and run by disabled artists to help them meet their financial needs;
12. World Children’s Fund HK Ltd, a non-profit, charitable organisation whose purpose is to facilitate caring and sharing of aid to needy and suffering children in crisis situations worldwide;
13. The Singapore Association for the Deaf, which serves the deaf and hard-of-hearing community with a mission to assist them in achieving a better quality of life and enabling them to integrate and contribute to society;
14. Tentera Diraja Mosque’s Charity Committee for its Festive Wishes Christmas;
15. Playeum Ltd, a charitable centre for creativity and culture in order to nurture the next generation of creators, innovators and thinkers, by engaging children and
CORPORATE SOCIAL RESPONSIBILITY

families in over 150 programmes and novel experiences through collaborations with other museums, public institutions and creative practitioners;

- Halogen Foundation Singapore, a values-based, not-for-profit institution dedicated to youth leadership and entrepreneurship development;

- Singapore Red Cross, an independent humanitarian society, which provides assistance in relief operations in times of disaster, and in auxiliary health and welfare services to the sick, handicapped, aged and poor; and to provide voluntary aid to the sick and wounded in time of war, and to prisoners of war and civilians suffering from the effects of war;

- Educational scholarships and sponsorships for students in tertiary institutions. Since 2012, OKP has sponsored or provided scholarships to 17 students at Nanyang Technological University and National University of Singapore under the Building and Construction Authority (BCA) – Industry Environment Undergraduate Sponsorship/Scholarship programme;

- 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 fund-raising 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 that 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.

We also sponsor events or programmes organised by various organisations such as schools, religious and grassroots organisations, Community Development Council, People’s Association, and Land Transport Authority. In 2018, we sponsored some fundraising golf tournaments such as Building & Estate Management Alumni, and Pertapis. We also sponsored the People’s Association Community Centres/Clubs Building Fund, Halogen Yellow Diamond Charity Gala Dinner and Singapore Institute of Building Limited’s movie event.
SAFETY AND ENVIRONMENTAL AWARENESS

As a responsible business involved in transport infrastructure and civil engineering, the Group is committed to complying with all relevant legislative and regulatory requirements to ensure and safeguard workplace safety, environmental protection and the well-being of all staff.

The Group’s priority is to make sure that all employees, contractors and subcontractors on our premises are competent, well-equipped and trained to work safely. One of OKP’s guiding principles to our workforce is our commitment to providing them with a safe accident-free working environment, thus enabling them to go home safely after work. This pledge covers our contractors, subcontractors and others who come to work at our premises and worksites.

In the planning and operation of our business, we need to establish and inculcate a culture of safety and sound environmental awareness within the company. Improving sound safety standards and fostering greater environmental awareness are, therefore, vital aspects of the Group’s core values and work environment.

To achieve this, commitment must come from top management. This is done since late 2015, when the management team assumed direct responsibility for safety performance with senior staff acting as a “safety manager” for the area under his supervision. They are accountable for making sure that the Quality, Environmental, Health and Safety (QEHS) programme authorised at the management level is being carried out effectively on the ground. To reinforce its QEHS capability, OKP has taken steps to increase the relevant manpower to better manage this function. Since 2015, a corporate safety manager, who is assigned to different sites by roster, has been appointed to provide advice and support on QEHS matters across all project sites.

The Group has established a policy to ensure a minimal risk work environment as OKP aims to prevent any injuries, loss of lives, damage to properties and pollution to the environment. Thus, it is our duty to deliver a working environment that goes beyond health and safety regulatory requirements.

As such, our goal is to have vision zero. We seek to implement our vision zero in relation to injuries, work-related illnesses and environmental impact at all OKP’s workplaces.

Putting vision zero in place is not just about focusing mainly on meeting a numerical target of zero injuries at the workplaces or zero damage to the environment but rather, it is about embracing a positive mind-set that strives for zero harm in both areas. Thus, cultivating a safety culture and encouraging environmental awareness among all stakeholders within the Group are key aspects of OKP’s core values and well-organised work environment.

By adopting high safety standards and stringent environmental control measures, the Group is fostering the right environment for everyone from senior management to the general workers to contribute fully towards achieving vision zero. The company emphasises workplace safety, health and environmental protection at each and every phase of the project cycle from conceptualisation to the construction and management stages. This is to ensure that all potential risks are identified early and speedily, thereby minimising or eliminating risks downstream.

At OKP, we believe accident prevention and environmental protection are not only a moral obligation but also a good business practice. By addressing and directing our resources to tackle potential hazards and protect the environment, we aim continually to curtail incident rates and costs linked to accidents. Thus, ensuring a safe working environment for our employees and all other stakeholders is an important aspect of our initiatives to attain sound performance, build up our corporate image and enhance our competitiveness.

ENSURING HIGH STANDARDS

To ensure high standards of QEHS performance, the management team has put in place well-defined directions for an effective occupational health and safety management method so as to avoid safety-related and health incidents.
plus foster risk-free and environment-friendly work areas. In addition, this management approach meets all relevant laws and regulatory requirements, as well as ensures competent and capable employees across the company.

Taking QEHS responsibility is an important factor in the way we conduct our business with our stakeholders such as clients, subcontractors and suppliers.

One way we do this is by adopting bizSAFE, which is the Workplace Safety Health Council’s five-step programme for companies to help them improve their workplace safety and health capabilities so as to achieve high safety and health standards at the workplace. To boost the benefits of the bizSAFE programme, we practise optimum risk control, beginning with the elimination, substitution, engineering and administrative control and finally, mandatory use of construction personal protective equipment. Work-at-height risks which cannot be removed will be managed by having certified scaffold platforms erected by trained staff.

Since 2014, the Group has appointed only contractors and vendors with bizSAFE level 3 and above for all its projects. Both our subsidiary corporations Or Kim Peow Contractors Co. (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd, are totally committed to ensuring excellent safety and health standards and have renewed their Workplace Safety and Health Council’s bizSAFE STAR status in early January 2015. This is the highest level awarded to enterprises for their commitment to maintaining a good risk management and workplace safety system.

We are aware that our workforce and subcontractors’ staff working onsite are our key assets. As such, we do not compromise on their safety at the expense of costs or time because every employee matters. To stay ahead in this competitive industry, we have continuously review and revise our QEHS Management System. By doing so, we improve our workplace safety and health standards as well as finetune our operational procedures, thereby enhancing our overall efficiency. The Group’s integrated management system had been implemented according to the ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 requirements. Maintaining our certification by the Building and Construction Authority (BCA) testifies that our company has a robust system and firm commitment in ensuring continuous quality, environmental, safety and occupational health improvements. We successfully obtained renewal of the ISO 9001:2015, ISO 14001:2015 and OHSAS18001:2007 certificates in August 2017.

At OKP, we are also steadfast in safeguarding and maintaining the natural environment through a range of ongoing initiatives. Embracing the environmental motto of reduce, reuse, recycle, the Group contributes to the protection of our environment through waste management, energy conservation and water conservation.

We define being gracious to mean that we provide a pleasant environment for our clients, our workforce and for all members of society. As such, we undertake to do our part by:

1. working to reduce and control construction site noise and vibration in order to provide a more pleasing environment for the public, our clients and our staff;
2. providing a work environment where people from diverse backgrounds can work together harmoniously and have a sense of fulfillment; and
3. enabling everyone to work together to achieve an injury-free environment.

At OKP, we are committed to providing the tools, knowledge and resources to keep all who are on or near our construction sites safe. The Group wants everyone to go home healthy from their jobs every day.

**WINNING RECOGNITION AND AWARDS**

The Group’s achievements on QEHS has been acknowledged. The company has received numerous awards in recognition of its workplace health management and occupational safety focus.

In 2017, the Group received a “Safety Recognition” Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport. It was the only contractor under Airside Project to be rewarded with such an award.
This was the second year running that OKP has been conferred such a safety award from the Changi Airport Group.

Another award received by the Group is the Green and Gracious Builders Award conferred by the BCA since May 2012. The award 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. It also sets standards for gracious practices, which will improve the image of builders and the construction industry, particularly in neighbourhoods affected by construction activities.

Since 2006, OKP has won a total of 19 safety awards, five green and gracious awards and one construction environment award.

**Upholding QEHS Sustainability**

The Group faces many challenges in upholding the high standards of its QEHS Management System in today’s rapidly evolving environment. We believe QEHS sustainability is important to all our stakeholders and is also a long-term business driver. By targeting specific efforts that address safety, health and environmental challenges and maintaining a good QEHS track record, we can minimise risks and increase our competitiveness and stay stable and resilient for our future business growth.

We have taken many measures to ensure that our work practices are environmentally-friendly, and they always protect our employees’ safety and well-being in all our premises and situations. Firstly, OKP regularly updates its legal register so that it is up-to-date on all applicable legal requirements. With the assistance of the updated legal register, the Group would be able to keep up with changes and proposed legislations. The legal register also ensures that the Group is aware of and understand the implications of core legislations that affect its operations. This ensures that we stay compliant with local regulatory requirements and international standards.

Secondly, we seek to lower pollution levels at all our worksites in order that our workers can enjoy a higher quality of life in the environment where they work.

Thirdly, when recruiting new employees and collaborating with partners, we evaluate their QEHS experience and track record. Our ability to attract, develop and retain qualified staff, consultants and subcontractors with good QEHS track records have significantly increased our Group’s success and sustainability.

Fourthly, we have established Business Continuity Plans to better manage the organisation during unpredictable times and crises such as haze, monsoon rains, and disease outbreaks such as the Zika virus crisis. The Group has implemented risk assessments to ensure that the business functions and operations can continue without comprising our employees’ safety and health. For example, during the haze crisis over a few months in 2015, OKP ensured that all its workers were trained and informed of the correct way to don their masks and stop work if the quality of air reached hazardous levels.

In 2016 during a severe outbreak of the Zika virus, which particularly affected foreign workers at construction sites, OKP set up its Zika Contingency Plan. The plan was to deter mosquito breeding and dengue/Zika transmission at the Group’s construction sites whereby the body temperature of employees were being measured daily to identify signs of fever. Insect repellents were also applied daily for protection against mosquito bites. The other keys control measures include:

1. intensification of search-and-destroy efforts to check on potential mosquito-breeding at all sites;
2. inclusion of step-by-step dengue response and reporting procedure;
3. standardisation of dengue case information form;
4. mass combing of the entire site;
5. twice-weekly pest control operator’s visits for the entire site;
6. weekly trimming of overgrown grass;
7. monitoring of mosquito population using Gravitrap; and
8. regular and thorough housekeeping.
SAFETY AND ENVIRONMENTAL AWARENESS

CHAMPIONING A SAFETY CULTURE

The Group believes that championing a strong and sound safety culture will promote safe behaviours among co-workers and result in an injury-free workplace. Safety management begins at the project planning stage and is practised throughout the various stages of design, construction and management till the projects are fully completed.

We expend great efforts to develop and implement a progressive and dominant QEHS culture in OKP. For example, in 2015, a project team worked together to start a community where safety alerts and bulletins were developed and communicated to other project teams so as to share best safety practices, lessons learnt, case studies and other important safety information. This approach continued till today. Monthly project-level cross audits are also implemented to provide a “third eye” to identify shortfalls in the existing QEHS system and practices.

Through the years, our comprehensive construction safety programme has progressed with the principles and processes behind this programme being fine-tuned. Some aspects of this programme include:

- a rigorous subcontractor and supplier selection and approval process, which shortlists companies with good safety track records;
- risk assessment procedures to identity, among other things, situations and processes that may potentially cause injuries 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 be put in place; and
- field regular safety audits at construction worksites.

In addition, OKP also implements various other efforts to further promote safety awareness at all its workplaces.

Firstly, we introduced Behavioural Based Safety programmes at our worksites. This is a safety method that focuses on the behaviour of workers as the source 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 main 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 to assist the respective group or worker.

Through the Behavioural Based Safety programmes, the company can improve its workers’ well-being, thus improving performance and attaining a sustained adjustment of attitudes towards safety.

Secondly, the Group continuously involves all employees on the Corporate Safety Promotion Programme in order to foster safety awareness at all organisational levels and reinforce its aim to make staff safety a top priority. This programme seeks to inspire our workforce to advance their own and their fellow workers’ safety behaviour, as well as support OKP’s safety, health and environmental goals. Various safety promotional activities were carried out. These included the “Your Hands are Important” safety campaign, Dengue Prevention campaign (jointly conducted with LTA and National Environment Agency), monthly mass safety talks and regular incentives for staff with excellent safety performance/behaviour. In order to acknowledge workers who go the extra mile to display exemplary behaviour and safe work practices and attitudes, the Group identifies in each month a safety conscious staff. This person will be rewarded with NTUC vouchers to be personally handed over by project management staff as a token of appreciation. Sufficient workers’ resting shelters are provided at all project sites, where employees could take intermittent rest during the working hours.

Thirdly, we continue to develop a systematic way of monitoring the safety performance and knowledge of all employees. All workforce will carry a personnel safety card that records types of safety training each has been to and safety infringement committed. Workers with poor safety knowledge and record would be easily identified by their supervisors and recommended for further training. The worker would also be closely watched during work process to avoid any safety non-conformance.

Fourthly, OKP has printed its own safety handbook to highlight the company safety requirements. The handbook contains the “dos and don’ts” to help the staff understand house safety rules and regulations, and procedures for doing work safely. Besides the English version, the safety handbook is also translated into the workers’ native languages. This is to make sure that non-English speaking

Routine cross audit inspection conducted at various worksites.
workers understand all the potentially life-saving information and know the safety procedures thoroughly. The safety handbook is our key tool in the ongoing battle against workplace accidents and injuries.

Fifthly, we have started a Safety Alert and a Safety Bulletin in order to share valuable information on local and international safety-related matters and developments. Safety Alert is published regularly and sent out to the project teams to keep them abreast on recent safety incidents, highlight learning points, and provide recommendations on how similar incidents can be prevented. The Safety Bulletin is to generate awareness on a range of relevant safety and health issues and topics, such as lifting operation, earth control practices and sharing of the best safety practices. It also has updates on recent safety-related developments, including new laws and regulations, guidelines, advisories and codes of practices.

Sixthly, emergency drills are conducted regularly at all our worksites to strengthen emergency preparedness in handling any potential incidents 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 exercises help to boost safety awareness and knowledge of all workers. This shows our commitment towards the safety and well-being of all our workforce, clients, subcontractors and suppliers.

HARNESSING TECHNOLOGY TO MANAGE SAFETY

The Group has harnessed technology through the use of applications (apps) for the Permit to Work (PTW) System. In the construction industry, the contractor deals with a lot of permits to manage hazardous work. The traditional paper method of using the PTW system requires spending hours filling out forms, sending the paper forms from place to place, and waiting for the permits to be issued, resulting in a huge loss of time.

The Group has fixed this issue by working with an application developer to create an easy-to-use mobile application to enhance the efficiency, control, productivity and compliance of the current PTW System. Paper forms are replaced by mobile devices. Through the PTW applications, subcontractors can apply for permits using their mobile devices and are notified when actions are needed. Safety officers can conduct safety inspections and validate PTWs immediately. Corrective actions are also easy to check and monitor. In addition, project managers can monitor the status of all PTWs in real time. As all PTW data and photos are saved on the cloud-based server, it can be checked anytime by retrieving from the cloud platform.

The whole PTW process is also easy to monitor on dashboards, which are accessible on desktops and mobile devices. PDF versions of the PTW reports are also created automatically, and archived in the system. Thus, the mobile application is fast and easy to use. New users can download the app and get started in less than five minutes. This approach has certainly boost productivity and help better time management for OKP.

DEVELOPING QEHS TRAINING AND COMPETENCY

Our workers play a vital role towards the successful implementation of our workplace safety and health management system. As such, the company has initiated a corporate health and safety induction package, which contains the latest health and safety requirements and practices.

We educate our staff at all levels, equipping them for the challenging construction environment through programmes offered by the Ministry of Manpower-approved training centres. It is mandatory for all management staff and engineers to attend safety courses such as the “Construction Safety Course for Project Managers” and “Risk Management Course”. These courses equip them to be fully aware of regulatory requirements to
SAFETY AND ENVIRONMENTAL AWARENESS

The staff will be able to confidently conduct a comprehensive internal audit on our QEHS management system and recommend improvements so that we can continue to comply with the ISO 9001: 2015 and ISO14001: 2015 practices. Some of these on-going green efforts at all of our worksites include:

- 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;
- reducing/reusing/recycling construction materials such as timber, reinforcement and concrete debris;
- maintaining construction machinery regularly to reduce carbon emissions;
- training on the safe use of ladder.

OKP holds the highest standards of QEHS requirements. New recruits are required to undergo a health and safety induction programme upon first joining the Group. The safety team continuously updates its inhouse safety training and education programme for both new and existing workers to train them with the basic knowledge necessary for executing their various functions in a safe and proficient manner. Specialised and more detailed information and training are given regularly to site safety practitioners. This is to keep them on abreast of the latest industrial safety and environmental regulations.

Due to the nature of OKP’s work plus large work area covered by our project sites, the Group has also exceeded 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 speedily.

Training is vital in averting injuries among workers. In recent years, OKP extended its training programmes to include both suppliers and clients.

Subject matter experts or suppliers of equipment, who understand the actual ground conditions and issues are invited to conduct relevant training and safe work procedures for our employees. For example, we engaged the Bedec supplier to provide Scaffold Safety Training to the workforce, and the silent piler supplier to conduct training for our silent piler operator. All truck drivers are also sent for defensive driving course and instructed on safety procedures to be followed with practical illustrations during the training session.

From 3 to 6 September 2017, two OKP directors attended the XXI World Congress on Safety and Health at Work 2017 in Singapore. Organised by the Singapore Ministry of Manpower, International Labour Organisation and International Social Security Association, the triennial congress was the largest and most important international conference on workplace safety and health. It was attended by over 3,500 Workplace Safety and Health experts and business delegates from more than 100 countries, who shared many learning opportunities on Workplace Safety and Health-related topics.

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 subcontractors’ 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
- executing promotional activities onsite to encourage green practices.

Other green practices adopted by OKP included:
- use of recyclable footpath;
- use of balance concrete to fabricate pre-cast strips;
- footing for decking;
- use of waste rebar for fabrication of equipment’s protection frame/storage rack;
- recycling of paper by reusing single sided printed paper, and resorting all recyclable office waste into recycling bins and sending them for recycling.

The Group also uses solar CCTV cameras at all its project sites. These CCTV cameras use solar panels to capture sunrays using photovoltaic cells, which convert the light into electricity to power the security cameras. The solar cells produce direct current (DC) power, which then passes through an inverter to change the power to the desired voltage. With solar CCTV cameras in a security system, OKP ensures an environmentally sustainable and self-renewing power source for 24-hour surveillance.

Amid a dynamic working environment and complex business requirements, the Group will constantly explore ways to address the challenges in the QEHS landscape and look out for opportunities to keep up-to-date with the latest developments. Through the collective efforts of every stakeholder, OKP believes significant improvements in QEHS standards have been and will continue to be made.
Since we began our business more than 50 plus years ago, we have been and continue to be fully appreciative of our customers, who have supported us through the ups and downs of the business cycle. Indeed, we recognise that our customers are key to the growth of our business and continued success as their support have helped us to grow from a sole-proprietorship in 1966 to become an established public listed company today. We recognise that our capabilities in overcoming challenging times and building our resilience as a sustainable business are due mainly to the steadfast and loyal support of our customers.

We view our relationships with our customers from a long-term perspective and believe they are mutually beneficial for both parties. We trust that our customers value our professionalism, good teamwork and top-notch quality services while we enhance our knowledge, widen our experiences and grow our business through our customers’ projects. We want to give our customers the assurance that we have their best interests at heart and will do our very best to produce quality results. Our customers’ loyalty and confidence has enabled us 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.

At OKP, we emphasise to all staff that they are to be totally committed in delivering on our service promise. With the aim of fulfilling our service promise to our customers effectively, our team works assiduously together to realise our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, we seek to fulfil this service promise by training and encouraging our employees to support our customers to their utmost abilities and at all times. We emphasise this view to our staff by empowering them to listen responsively to our customers’ feedback, and work in tandem with the customers to detect their business problems and address them accordingly. We give our workforce the required authority, resources and help to propose fresh ideas to meet our customers’ issues and concerns. Our employees seek to solve the underlying causes of a customer’s problem rather than merely treating the symptoms, and through this approach, resolve the issue.

At our worksites, our customers’ health and safety are OKP’s priority. We work in sync with our customers to make sure that our safety standards comply with all applicable rules and regulations. For both customers and ourselves, delivering a project on time and on budget is very important for the successful completion of all projects. To achieve this goal, we strive to work diligently with our customers to ensure that the projects are completed successfully within the stipulated contract terms. We aim to provide:

- prompt response to customers’ needs and developing solutions for their problems;
- honest and ethical business practices that put our customers’ interests first;
- high standards of service quality;
- high 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.

DELIVERING ON OUR PROMISE TO OUR CUSTOMERS

In seeking to deliver on our service promise in the intensely competitive business arena in Singapore and the region, we believe that customer satisfaction becomes exceedingly important for us to sustain our business. We are aware that customer satisfaction has been a vital component in our business’ continual expansion and success. As such, OKP’s management team and supervisors work closely with our customers to provide a high degree of engagement in order to ensure the smooth and successful completion of all projects.

We believe that when we deliver on our contracts on time and on budget, and go beyond customers’ requirements, the customers will have greater confidence and trust in us. Thus, we go out of our way to reinforce this confidence and build a solid reputation by ensuring that we deliver all projects with the highest standards of trustworthiness, integrity and competence. Through our many decades of operational experience, we have developed targets to ensure a high level of customer service and these targets have enabled us to create good rapport and uphold solid relationships with our customers and keep them fully satisfied.

GROWING OUR CUSTOMER BASE

To build a strong and resilient company with a sustainable business for 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 both the public and private sectors, including those from industries such as energy, utilities, transport, housing and town planning.
We have established a strong presence in the public sector as a reliable infrastructure contractor in Singapore. Some of our public sector clients include 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 Changi Airport Group, ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd, and WorleyParsons Pte Ltd.

Our aim is to enlarge this list of customers as we tender for new projects and strengthen our business in Singapore and the region. We have diversified our business by forming joint ventures with partners to develop property projects. To develop new capabilities and knowledge and enhance our competitiveness, we have also invested in a joint venture in 2014 to tender for complex projects and undertake these projects if awarded. We are always on the lookout to explore fresh opportunities in order to grow our list of customers in the region.

With our solid expertise, wide experience, strong track record and sound reputation for delivering results, we are in a good position to grow our customer base and establish a sustainable business in the long haul in Singapore and the region.

SECURING CONTRACTS FROM REPEAT CUSTOMERS

At OKP, our priority is to have a holistic approach in our customer service by having long-term relationships with our customers. We value each customer relationship, looking at it as a sustainable partnership to be cultivated and sustained at all levels and all times. We strongly believe that establishing and maintaining enduring relationships with customers is the foundation of our business success.

Following this method, we have made it a key aim over the past years to build up and foster many solid and loyal partnerships. The strong relationships we enjoy with our customers have borne good fruit as we have won many repeat contracts from various customers since we began our business as a sole-proprietorship in 1966.

Indeed, we are thankful for the continuing support from these long-term and steadfast customers, who have stood by us through good as well as challenging times in the business cycle. These repeat contracts bear testimony that our customers are satisfied with our professionalism, good work and quality service standards.

Winning contracts from many returning customers is not an easy task. The repeat business is the outcome of our competitive cost position and excellent past performances, which we believe are two crucial criteria for winning new contracts. In addition, we also believe that the time and efforts we invest in building up and nurturing our customers play a vital part in winning such contracts. Certainly, our employees’ focus in offering high standards and quality projects to our customers is just as important in clinching new and repeat contracts.

PARTNERING TO BOOST OUR CUSTOMERS’ EFFICIENCIES

Due to the many uncertainties facing the global economy, which in turn has an impact on Singapore’s economy, today’s business environment is challenging and very competitive. As in any business operations, our customers also face similar dilemmas where they need to make decisive actions to improve their productivity, reduce costs, and create added value to their businesses, often with limited financial and physical resources.

As we continue to work towards a strong and resilient company by increasing our expertise, strengthening our competitiveness and growing a sustainable business in Singapore and the region, we seek to support our customers in maximising their efficiencies. We provide this support by being a steadfast and loyal partner, who identifies and helps them to attain their financial and operational objectives.

We ensure that our contracts are priced accurately and fairly to reflect current market conditions. With our solid track record in civil engineering and infrastructure works and as a recognised market leader in public sector construction projects, we are in a good position to deliver many value-added services to our customers.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

We do not just engage with our customers professionally through our business activities at building sites and meetings. We also make it a point to also engage them in other ways such as supporting them through providing sponsorships, and organising and hosting joint events in the respective industries.
INVESTOR RELATIONS

With the demand nowadays to meet the frequently-evolving requirements of disclosure, greater transparency and better corporate governance, we seek to provide our stakeholders with timely and accurate information on our business and financial performance.

We are committed to ensuring that our investors have a full understanding of and are kept up-to-date on our strategic directions, business operations and market environment so that they can make informed investment decisions.

To achieve this aim, we engage regularly with our investors through various channels in order to communicate effectively with them. Our senior management and investor relations (IR) team proactively keep the communication channels open with the investment and financial community, as well as 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 enhancing long-term value for all our shareholders and investors. We aim to build a solid, sustainable and resilient company by gaining a wide range of capabilities and increasing our expertise, competence and knowhow so as to fulfil our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this approach, we are able to achieve sustainable business growth and deliver stable results – to meet the expectations of our shareholders and investors.

To move ahead as an industry leader in the competitive environment, we diligently monitor the external business and macroeconomic climate affecting our business and address any issue strategically. We keep up-to-date on best practices by putting in place excellent management practices, with efficient operational procedures to ensure a smooth practical workflow. We emphasised to all staff the importance of delivering high-quality customer services, which meet and go beyond customers’ expectations.

We continually aim to enhance our IR practices for the benefit of our stakeholders. We are a member of the Investor Relations Professionals Association (Singapore) and have renewed our membership for 2019. The association’s primary objectives include championing IR best practice, enhancing professional competencies and elevating the overall standard of the IR profession in Singapore.

PRACTISING GOOD CORPORATE GOVERNANCE

As a listed company, OKP is resolute in ensuring good corporate governance, whereby it manages, directs and balances the interests of all its stakeholders, which include customers, employees, suppliers, business partners, investors and the general public. In the light of constantly developing requirements for better disclosure, transparency and corporate governance, we believe that strong corporate governance is vital in gaining and maintaining investors’ loyalty and confidence as well as drawing the attention of new investors.

We fully supports the pledge towards board diversity, which is initiated for listed companies by the Singapore Institute of Directors and Singapore Exchange (SGX) in 2016. The pledge states: “We, as corporations, are committed to promoting diversity as a key attribute of a well-functioning and effective Board. We believe that a diverse Board will enhance decision making by harnessing the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of the members of the Board.”

We have instituted processes to improve our corporate governance framework to enable greater transparency and fast-track management decision-making processes, as well as reinforce management oversight. One of the ways we do this is by adopting the criteria used to score the Singapore Governance and Transparency Index (SGTI) ranking for SGX companies...
Our Strategy

Our Operating and Financial review

Our Business

administered by the National University of Singapore Business School for Governance, Institutions and Organisations, CPA Australia, and the Singapore Institute of Directors.

Currently in its 10th year, the SGTI is a unified framework comprising two separate categories – the General Category, and the REIT and Business Trust Category. For the General Category, the SGTI score has two components – base score and adjustment for bonuses and penalties. The base score for companies contains five pillars – board responsibilities (35 points), rights of shareholders (20 points), engagement of stakeholders (10 points), accountability and audit (10 points), and disclosure and transparency (25 points) – which add up to a base score of 100 points. The aggregate of bonuses and penalties is incorporated to the base score to arrive at the company’s SGTI total score.

According to a Business Times report on 7th August 2018, we ranked 150 in SGTI 2018 score, compared to 73rd in SGTI 2017, with an overall SGTI 2018 score of 66 compared to 69 in 2017.

The SGTI results were based on a study covering 589 companies in the General Category, and 43 Reits and Business Trusts, which released their annual reports in 31 May 2018.

We proactively engage the investment community and demonstrate our commitment by providing up-to-date and reliable information on corporate developments to help investors and other interested parties in making well-informed decisions in relation to their investments. We trust that this transparency contributes significantly towards a good understanding of the Group and its activities, as well as enable the investing community to evaluate how well we are is performing.

As a trustworthy organisation committed to excellent corporate governance, we fully support the Corporate Governance Week, which is organised annually by the Securities Investors Association (Singapore). Its focus on building and implementing excellence in corporate governance resonates with the way the company manages its business and how it communicates with its shareholders.

Our representatives took part in the 9th Corporate Governance Week with the theme “Towards Excellence in Corporate Governance”, which was held from 14-28 September 2018.

INVESTOR RELATIONS POLICY

We have a clear IR policy, which is to ensure fair, transparent and ethical business dealings with all our stakeholders. We make certain that we release pertinent and material information according to these basic principles and in accordance with the SGX’s rules. We are proactive in providing shareholders and other parties in the financial markets with the same and concurrent information about matters that may influence the movement of our share price.

We have been recognised for our excellence in IR and dedication to good corporate governance, winning numerous awards and accolades in recent years, namely:

• Runner-up in the Most Transparent Company Award in the Construction and Materials and Mainboard Small Caps categories at the Securities Investors Association (Singapore) (SIAS) 16th Investors’ Choice Awards 2015;

• Best Investor Relations Award (Gold) in the “Companies with less than $300 million market capitalisation” category at Singapore Corporate Awards (SCA) 2015;

• Merit for the Singapore Corporate Governance Award under Mainboard Small Caps category; and runner-up for the Most Transparent Company Award in the Constructions and Materials category at SIAS 15th Investors’ Choice Awards 2014;

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

• Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 14th Investors’ Choice Awards 2013;

• Winner of the Most Transparent Company Award under Mainboard Small Caps category at SIAS 13th Investors’ Choice Awards 2012;

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

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

• Best Investor Relations Award (Silver) in the Small Market Capitalisation category at SCA 2008.
INVESTOR RELATIONS

DIVIDEND POLICY
We do 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 a dividend payout of 12.5 per cent to 48.8 per cent over the past five years.

ENGAGING ACTIVELY WITH SHAREHOLDERS
In today’s demanding investment climate with calls for better corporate governance, we recognise the significance of engaging and communicating effectively with shareholders, investors and other stakeholders. To achieve this aim, we use various communication channels to share and facilitate communication 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 activities include the following:

ANNUAL GENERAL MEETING
One of the most important platforms to interact with investors is the annual general meeting (AGM), which is held every April. Besides providing a chance for investors to raise any issues and get 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 our Group’s business, explain decisions made and tackle all concerns raised. The Board of Directors and senior management take full advantage of the AGM to brief shareholders on our latest developments and provide an avenue for shareholders to ask questions and vote on the resolutions being tabled. All directors especially the Chairpersons of the Audit, Nominating and Remuneration Committees are present to clarify matters raised. Shareholders may also submit written questions relating to the statutory audit report and we will respond in a timely manner to their questions.

ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS
As an organisation which aims to keep its stakeholders well-informed of the latest developments, we make it a priority to issue timely announcements on new contracts, strategic developments, financial results and other important information through the SGXNET website, press releases, email alerts and our investor-friendly website.

Our investor relations website is a key platform through which we broadcast our news to the investment community. It is a resource for corporate, financial and stock information, and announcements of important business developments. It also houses our quarterly results and annual reports. Since 2003, our website has featured webcasts comprising videos of full-year results messages plus presentation slides, thus enabling those who could not attend the AGMs to keep abreast of our latest financial and operational performances through the years.

All our announcements are posted immediately on our website, following its release to the SGX to ensure fair, equal and speedy dissemination of information.

In this way, all shareholders and investors can keep track of our latest business developments promptly and effectively.

ANALYST AND MEDIA BRIEFINGS
During the release of our quarterly results, the senior management team is present to meet with analysts to answer their questions and address any issues. Outside of the financial results announcement periods, where necessary and appropriate, the senior management team would also meet analysts and fund managers, who would like to better understand our operations.

Where appropriate and when opportunities arise, we also conduct media interviews to give shareholders and the public greater insights into our business and management’s direction. We have also organised tours to some of our facilities for interested analysts and the media.
News about OKP have been 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, Channel NewsAsia, High Net Worth, BT Invest, i3investor.com and Inside Invest magazine.

**ANNUAL REPORT**

Our annual report is an important communication tool for stakeholders and other interested parties. Thus, we give special attention to ensure that the publication gives a precise and accurate snapshot of our activities during the year as well as our developments, policies and strategic direction in the near future.

The annual report and the notice of AGM are sent to shareholders at least 20 working days before the meeting. Our hard work has paid off and our annual reports have won numerous awards. These include:

- Best Annual Report Award (Gold) in the “Companies with less than $300 million in market capitalisation” category at Singapore Corporate Awards (SCA) 2016;
- Best Annual Report Award (Gold) in the “Companies with less than $300 million in market capitalisation” category at SCA 2013;
- Best Annual Report Award (Gold) in the “Companies with less than $300 million in market capitalisation” category at SCA 2010;
- Best Annual Report Award (Silver) in the “Companies with less than $300 million in market capitalisation” category at SCA 2009;
- Best Annual Report Award (Gold) for SESDAQ company at the Inaugural SCA 2006 for excellent standards of corporate disclosure; and

**COMMUNICATING ONLINE**

Technology is a key and useful tool today to reach out to all our stakeholders. Thus, we take full advantage of technology by hosting an annual webcast to communicate with our investors, taking questions online via an Online Management Question-and-Answer forum with investors through Shareinvestor.com.

Through this forum, all shareholders and other interested parties will be able to email their feedback and queries to our management and be assured of a prompt response. Our website is frequently updated to provide the latest information on our operations and corporate developments.
As a result of the decrease in profit after tax, basic earnings per ordinary share decreased from 4.1 cents in FY2017 to 2.1 cents in FY2018.

The gross dividend yield of 5.0 per cent is calculated based on the share price of 20.0 cents as at 31 December 2018.

The Group’s net construction order book stood at $265.8 million, with revenue extending to 2023.

The price of our shares closed at 20.0 cents as at 31 December 2018.
OVERCOMING challenging times
BUILDING our resilience

**OKP SHARE PRICE VS ST INDEX 2018**

<table>
<thead>
<tr>
<th>Point</th>
<th>%</th>
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Financial contents

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<th>2017</th>
<th>2018</th>
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<td>Highest Price</td>
<td>$0.37</td>
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<td>$0.31</td>
<td>$0.45</td>
<td>$0.35</td>
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<td>Lowest Price</td>
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<td>$0.21</td>
<td>$0.29</td>
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</tr>
<tr>
<td>31 December Closing Price</td>
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<td>$0.22</td>
<td>$0.29</td>
<td>$0.34</td>
<td>$0.20</td>
</tr>
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</table>

**FINANCIAL CALENDAR**

**FY2019**

27 February: Announcement of fourth quarter and full year results for financial year 2018
1 April: Despatch of Annual Report
29 April: Seventeenth Annual General Meeting
Extraordinary General Meeting
8 May: Books Closure for Dividend Entitlement
May: Announcement of first quarter results for financial year 2019
17 May: Payment of FY2018 Final and Special Dividends
July/August: Announcement of second quarter and half year results for financial year 2019
October/November: Announcement of third quarter and nine months results for financial year 2019

**FY2018**

12 February: Announcement of fourth quarter and full year results for financial year 2017
2 April: Despatch of Annual Report
26 April: Sixteenth Annual General Meeting
Extraordinary General Meeting
7 May: Announcement of first quarter results for financial year 2018
8 May: Books Closure for Dividend Entitlement
17 May: Payment of FY2017 Final and Special Dividends
6 August: Announcement of second quarter and half year results for financial year 2018
5 November: Announcement of third quarter and nine months results for financial year 2018
CORPORATE GOVERNANCE REPORT

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

The Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) requires all listed companies to describe, in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance.

On 6 August 2018, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance (the 2018 Code) and accompanying Practice Guidance. The 2018 Code will apply to annual reports covering financial years commencing from 1 January 2019. The Group has reviewed and set out the corporate practices it has in place to comply with the 2018 Code, where appropriate, in this current annual report.

We have presented our corporate governance policies and practices on each of the principles of the 2018 Code in a tabular form, stipulating each principle and provision, and explaining any deviations from the 2018 Code and taking consideration the and Practice Guidance provided by the MAS.

The Board of Directors is pleased to confirm that for the financial year ended 31 December 2018, the Company has adhered to the principles and guidelines of the 2018 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: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

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;
• Identifying the key stakeholder groups whose perceptions affect the Company’s reputation;
• Setting the Company’s values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;
• Considering sustainability issues such as environmental and social factors, as part of its strategic formulation; and
• Assuming responsibilities for corporate governance.

One-third of the Board is made up of Independent Directors who are independent of the Management and substantial shareholders. The Directors on the Board 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 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. 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.

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. The training programmes are conducted by the SID, the SGX-ST, and business and financial institutions and consultants. All the costs are borne by the Company. During the financial year, some of the Directors attended the Corporate Governance Code Briefing conducted by the Singapore Institute of Directors.

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.

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 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 2018. 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 2018 is disclosed below:

<table>
<thead>
<tr>
<th>Number of scheduled meetings held</th>
<th>Board</th>
<th>Board Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audit</td>
<td>Remuneration</td>
</tr>
<tr>
<td>Name of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Or Kim Peow</td>
<td>4</td>
<td>*4</td>
</tr>
<tr>
<td>Mr Or Toh Wat</td>
<td>4</td>
<td>*4</td>
</tr>
<tr>
<td>Mdm Ang Beng Tin</td>
<td>4</td>
<td>*4</td>
</tr>
<tr>
<td>Mr Or Kiam Meng</td>
<td>4</td>
<td>*4</td>
</tr>
<tr>
<td>Mr Oh Enc Nam</td>
<td>3</td>
<td>*3</td>
</tr>
<tr>
<td>Mr Or Lay Huat Daniel</td>
<td>4</td>
<td>*4</td>
</tr>
<tr>
<td>Dr Chen Seow Phun, John</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr Nirumalan s/o Kanapathi Pillai</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mr Tan Boen Eng</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

(*) – 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 Regulation 120(2) of the Company’s Constitution.

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.

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 with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as Directors. The NC has addressed the competing time commitments faced by Directors serving on multiple boards and 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. The Board has determined that a Director may hold up to 8 listed company board representations. None of the Directors of the Company sits on the boards of more than 8 listed companies.

Provision 1.5 of the 2018 Code: Directors attend and actively participate in Board and board committee meetings

Practice Guidance 1 of the 2018 Code: Multiple directorships

Provision 1.5 of the 2018 Code: Directors with multiple board representatives give sufficient time and attention to the Company
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 attends
and prepares minutes of meetings of the Board and Board Committees 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.

**Board Composition and Guidance**

**Principle 2:** The Board has an appropriate level of independence and diversity of thought
and background in its composition to enable it to make decisions in the best
interests of the company.

**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 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 independence. The checklist is drawn up based on the guidelines provided in the Code. The NC adopts the 2018 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 substantial 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 Niru & Co LLC, which provides legal and professional services to the Group from time to time. The NC is of the view that the business relationship with Niru & Co 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 Niru & Co LLC. As such, the NC considers Mr Niru to be independent. No services were rendered by and no payment was made to Niru & Co LLC in the financial year ended 31 December 2018.

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. However, the Board is of the opinion that based on the Group’s current size and operations, it is not necessary nor cost-effective 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 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.

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, gender, age, ethnicity and other attributes among the Directors. The Board comprises businessmen with vast business or management experience, industry knowledge and 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 Board is of the view that gender is one aspect of diversity and will ensure that any brief to external consultants to search for candidates for appointment to the Board will include a requirement to present female candidates. In relation to gender diversity, the Board has one female member out of the nine members.
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, taking into account the need 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 continue to 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. 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.

The Independent Directors met or communicated amongst themselves without the presence of the Management twice during FY2018.

**Chairman and Chief Executive Officer**

**Principle 3:** There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

**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.

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.

**Provision 2.5 of the 2018 Code: Regular meetings of non-executive directors**

**Provision 3.1 of the 2018 Code: Chairman and CEO are separate persons**

**Practice Guidance 1 of the 2018 Code: Scope of Director Duties**

**Note:**

(1) According to the 2018 Code, an “independent” Director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgement in the best interests of the Company.
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, provide leadership in situation where the chairman is conflicted. The Independent Directors, led by the LID met or communicated amongst themselves without the presence of the other Directors twice during FY2018, and the LID provides any feedback to the Group Chairman after such meetings.

**Board Membership**

**Principle 4:** The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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 in particular the appointment and/or replacement of the Chairman, Group MD and key management personnel;
- 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;
- The review of training and professional development programs for the Board and its directors;
- 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 Regulation 107 of the Company’s Constitution, one-third of the Directors shall retire from office at least once every three years at the Company’s Annual General Meeting (AGM). In addition, Regulation 109 provides that the retiring Directors are eligible to offer themselves for re-election. Regulation 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.

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.

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.

Currently, the Company does not have alternate directors.
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>84</td>
<td>Group Chairman</td>
<td>15 February 2002</td>
<td>24 April 2017</td>
</tr>
<tr>
<td>Mr Or Toh Wat</td>
<td>51</td>
<td>Group Managing Director</td>
<td>15 February 2002</td>
<td>26 April 2018</td>
</tr>
<tr>
<td>Mdm Ang Beng Tin</td>
<td>63</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>26 April 2018</td>
</tr>
<tr>
<td>Mr Or Kiam Meng</td>
<td>54</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>24 April 2017</td>
</tr>
<tr>
<td>Mr Oh Enc Nam</td>
<td>63</td>
<td>Executive Director</td>
<td>20 March 2002</td>
<td>18 April 2016</td>
</tr>
<tr>
<td>Mr Or Lay Huat Daniel</td>
<td>41</td>
<td>Executive Director</td>
<td>1 August 2006</td>
<td>18 April 2016</td>
</tr>
<tr>
<td>Dr Chen Seow Phun, John</td>
<td>65</td>
<td>Lead Independent Director</td>
<td>25 June 2002</td>
<td>24 April 2017</td>
</tr>
<tr>
<td>Mr Nirumalan s/o V Kanapathi Pillai</td>
<td>66</td>
<td>Independent Director</td>
<td>1 June 2005</td>
<td>26 April 2018</td>
</tr>
<tr>
<td>Mr Tan Boen Eng</td>
<td>86</td>
<td>Independent Director</td>
<td>25 June 2002</td>
<td>18 April 2016</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 Oh Enc Nam, Mr Or Lay Huat Daniel and Mr Tan Boen Eng will retire by rotation at the forthcoming AGM and be subject to re-election by the Company’s shareholders.

The NC ensures that new directors are aware of their duties and obligations.

**Board Performance**

**Principle 5:** The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

**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 assessing the effectiveness of the Board as a whole and the effectiveness of individual Directors.

(a) Assessment 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 which allow for comparison with industry peers. 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 2018.

(b) Assessment of the contribution of individual Directors to the effectiveness of the Board
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 2018.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the Board’s strengths and shortcomings with a view to strengthening the effectiveness of the Board. 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 2018.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her 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 reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC aims to be fair and avoid rewarding poor performance. The RC will obtain advice from external consultants for benchmarking, where necessary.

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 may from time to time seek advice from external remuneration consultants who are unrelated to the Company, at its discretion.
Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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. To ensure that key executives’ remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2018, variable or performance related income/bonus made up 23.0% to 30.0% of the total remuneration of each Director. The variable remuneration is reviewed and approved by the RC to ensure alignment of the Directors’ interests with those of shareholders and promote the long-term success of the Group.

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. However, the Company is proposing the adoption of the OKP Performance Share Scheme for the approval of the shareholders at the forthcoming Extraordinary General Meeting on 29 April 2019.

All Independent and non-Executive Directors have no service agreements with the Company. They are paid Directors’ fees, which are proposed 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. The non-Executive Directors are not over-compensated to the extent that their independence may be compromised. 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 currently reviewing if it is 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. The Directors owe a fiduciary duty to the Company. The company should be able to avail itself to remedies against the Directors in the event of such breach of fiduciary duties.

**Disclosure on Remuneration**

**Principle 8:** The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

**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. The remuneration levels are in line with industry practices and the variable bonuses are linked to the Company’s and the individual’s performance.

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 2018, all the Executive Directors were entitled to receive the incentive bonus under their respective service agreements according to the performance conditions met.
A breakdown showing the level and mix of each individual Director’s remuneration in the financial year ended 31 December 2018 is as follows:

### The level and mix of remuneration of each Director for the financial year ended 31 December 2018

<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>60.0%</td>
<td>23.0%</td>
<td>-</td>
<td>13.0%</td>
<td>4.0%</td>
<td>100.0%</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>55.0%</td>
<td>29.0%</td>
<td>-</td>
<td>12.0%</td>
<td>4.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mdm Ang Beng Tin</td>
<td>54.0%</td>
<td>30.0%</td>
<td>-</td>
<td>12.0%</td>
<td>4.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mr Or Kiam Meng</td>
<td>56.0%</td>
<td>30.0%</td>
<td>-</td>
<td>12.0%</td>
<td>2.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mr Oh Enc Nam</td>
<td>55.0%</td>
<td>30.0%</td>
<td>-</td>
<td>13.0%</td>
<td>2.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mr Or Lay Huat Daniel</td>
<td>55.0%</td>
<td>29.0%</td>
<td>-</td>
<td>13.0%</td>
<td>3.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Below $250,000</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>100.0%</td>
</tr>
<tr>
<td>Mr Nirumalan s/o V Kanapathi Pillai</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mr Tan Boen Eng</td>
<td>-</td>
<td>-</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>100.0%</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 2018 is as follows:

### The level and mix of remuneration of each key management personnel for the financial year ended 31 December 2018

<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>$250,000 to $499,999</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ms Ong Wei Wei</td>
<td>70.0%</td>
<td>27.0%</td>
<td>3.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mr Or Yew Whatt (1), (2)</td>
<td>63.0%</td>
<td>37.0%</td>
<td>-</td>
<td>100.0%</td>
</tr>
<tr>
<td>Below $250,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Oh Kim Pay (3), (3)</td>
<td>71.0%</td>
<td>29.0%</td>
<td>-</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Notes:**
* 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 Pay is the brother of Mr Or Kim Peow, the Group Chairman.
(3) Both Mr Or Yew Whatt and Mr Oh Kim Pay 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 2018 was $719,236 (FY2017: $697,392).
Save as disclosed above, there was no employee of the Company and its subsidiary corporations who are substantial shareholders of the Company, or are immediate family members of a Director, the Group MD or a substantial shareholder and whose remuneration exceeded $100,000 during the financial year ended 31 December 2018. “Immediate family member” means spouse, child, adopted child, step-child, brother, sister and parent.

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 disclose the remuneration of each employee who was an immediate family member of a Director in bands of $100,000.

Currently, the Company does not have any employee share schemes. However, the Company is proposing the adoption of the OKP Performance Share Scheme for the approval of the shareholders at the forthcoming Extraordinary General Meeting on 29 April 2019.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

**Principle 9:** The Board is responsible for the governance of risks and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

**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 116 to 123 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.

The AC reviews the effectiveness and 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 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 internal controls which address the risks identified by the external risk management consultant. 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 2018, 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.

The Board, with the assistance of the AC, has undertaken an annual assessment of the adequacy and effectiveness of the Group’s risk management and internal control systems addressing financial, operational, compliance and information technology risks. The Board has taken into account all significant aspects of risks, especially the safety aspects following a worksite incident at TPE/PIE on 14 July 2017. In order to obtain assurance that the Group’s risks are managed adequately and effectively, the Board has reviewed the risks which the Group is exposed to and understood the internal controls in place to manage them.

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.

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.

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

The responsibility of overseeing the Company’s risk management framework and policies is undertaken by the AC. The external risk management consultant and the internal auditors assist the AC in carrying out its responsibility.

The Board has obtained written assurance from the Group MD and the Group Financial Controller 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 adequate and effective.

Provisions 9.2 (a) and 9.2 (b) of the 2018 Code: The Board received assurance from the CEO and CFO.
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, the Board, with the concurrence of the AC, is of the opinion that the Company’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 31 December 2018.

Audit Committee

Principle 10: The Board has an Audit Committee (AC) which discharges its duties objectively.

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 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 and ensure the integrity of the financial statements;
- 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 review the adequacy and effectiveness of the Company’s internal controls and risk management systems;

To review the assurance from the Group MD and Group Financial Controller on the financial records and financial statements;

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.

No former partner or director of the Company’s existing auditing firm or auditing corporation is a member of the AC.

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 2018. The IA reports directly to the AC and has full access to all the Company’s documents, records, properties and personnel.

The AC met with the external auditors four times during the financial year ended 31 December 2018 and once in November 2018, 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 IA without the presence of the Management once during the financial year ended 31 December 2018.

The AC has evaluated the quality of work performed by the external auditors based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria, including emphasis on quality by the audit engagement partner and the audit firm, allocation of adequate and appropriate human resources, substantial involvement of the audit engagement partner and exercise of professional scepticism. The AC has reviewed and is satisfied with the standard of the external auditors’ work.

The fees payable by the Company to the external auditors for audit and non-audit services (namely, tax advice) amounted to $153,600 (2017:$139,000) and $36,000 (2017:$28,000) 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.


Pursuant to the requirements of the SGX-ST, an audit partner must not be in charge of more than five consecutive annual audits but may then return after two years. The financial year ended 31 December 2018 is the second year for which the current audit partner of Nexia TS Public Accounting Corporation is in charge of the audit of the Group.
CORPORATE GOVERNANCE REPORT (CONT'D)

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 2018, the changes in accounting standards did not have any significant impact on the Company’s financial statements. The AC also attended external seminars on finance, corporate governance, regulatory and other business related topics.

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 independent, effective and adequately resourced within the Company.

The AC is satisfied that the IA is staffed by suitably qualified and experienced personnel. The IA team comprises one executive director and one internal audit manager. The executive director is a member of the Singapore Chapter of the Institute of Internal Auditors. The IA is expected to meet or exceed the standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

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.
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.

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. Internal audit plans are also aligned with the Company’s risk management programme. The aim is to ensure that an effective and efficient control environment is in place to manage those risks exclusive to a particular business unit in addition to those that may be relevant on an enterprise-wide basis. 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 is responsible for hiring and evaluating the IA by examining:
(1) the internal audit charter;
(2) the scope of the IAs’ work;
(3) the quality of their reports and
(4) their independence of the areas reviewed.

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 ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Our Policy and Practices:

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. Shareholders are informed of the voting rules and procedures at the general meeting.

A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.
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 and EGMs 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 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 Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

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

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 12.5% to 48.8% 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.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Our Policy and Practices:

The Company believes in regular and timely communication with shareholders as part of its organisational development to 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.
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 84 to 89 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 2018, 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.

5. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Our Policy and Practices:

The Company regularly engage our stakeholders through various medium and channels to ensure that our business interests are aligned with those of our stakeholders. Our stakeholders have been identified as those who are impacted by our business and operations and those who are similarly able to impact our business and operations. We have identified six stakeholders groups through an assessment of their significance to our operations. They are namely, customers, employees, suppliers, shareholders, community and government regulators.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus, please refer to the Sustainability Report on pages 58 to 67 of this Annual Report.
The Company maintains a website at http://www.okph.com to communicate and engage with stakeholders.

6. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company’s securities. The 2018 Code has been modelled according to Rule 1207(19) of the Listing Manual of the SGX-ST.

Directors and all key executives are advised not to deal in the Company’s shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company’s shares during the period commencing 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.

7. 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 2018 or if not then subsisting, entered into since the end of the financial year ended 31 December 2017.

8. 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 2018. 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 2018 (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 2018 conducted under shareholders’ mandate pursuant to Rule 920 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proj.B Studio</td>
<td>6</td>
<td>-</td>
</tr>
</tbody>
</table>

Note:

(a) Proj.B Studio is a business owned by Ms Byi Oh, who is the daughter of Mr Oh Enc Nam, the Executive Director of OKP Holdings Limited.

9. UTILISATION OF PROCEEDS

Exercise of 61,139,186,802 warrants at $0.20 for each share as at 4 January 2013 raising net proceeds of $12.2 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>12.22</td>
<td>10.72</td>
<td>1.50</td>
</tr>
</tbody>
</table>

The amount of $10.72 million had been utilised to fund the investment in and the loan to CS Amber Development Pte Ltd, an associated company of the Group.

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.
RESPONSIBILITIES OF THE AUDIT COMMITTEE (AC)

The AC oversees the Company’s financial reporting process. The Company’s Management has the primary responsibility for the financial statements, for maintaining effective internal controls over financial reporting, and for assessing the effectiveness of internal controls over financial reporting. The key terms of reference of the AC are set out on pages 106 to 107 of this Annual Report.

MEMBERS AND GOVERNANCE OF THE AUDIT COMMITTEE

The AC was formed on 12 July 2002 and comprises only independent directors, namely, Dr Chen Seow Phun, John (AC Chairman), Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng. There have been no changes in the members of the AC since the financial year ended 31 December 2017.

The AC has the appropriate relevant financial experience to discharge their responsibilities. Details of the members’ qualifications and experience are available on page 32 of this Annual Report.

MEETINGS OF THE AUDIT COMMITTEE

The AC met four times during the financial year ended 31 December 2018 and once in February 2019. During each of these meetings, the AC reviewed the quarterly financial statements prepared by the Management, including the notes to the financial statements. The attendance record of the AC during the financial year ended 31 December 2018 is set out on pages xx to xx of this Annual Report.

SIGNIFICANT RISKS AND JUDGMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2018, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters identified by the external auditors were reviewed by the AC and discussed with the Management and the external auditors:

<table>
<thead>
<tr>
<th>Key audit matters</th>
<th>How the AC reviewed these matters and what decisions were made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and costs recognition of construction and maintenance contracts</td>
<td>The AC considered the approach and assessed the reasonableness of the Management’s estimates of costs to complete the contract.</td>
</tr>
<tr>
<td></td>
<td>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to pages 128 and 129 of this Annual Report.</td>
</tr>
<tr>
<td></td>
<td>The AC was satisfied that the appropriate accounting treatment had been adopted and consistently applied in the financial statements to ensure that revenue was recorded appropriately. The AC concurred with the Management’s opinion that any foreseeable losses had been fully provided for in the financial statements.</td>
</tr>
<tr>
<td>Valuation of investment properties</td>
<td>The AC considered the approach and evaluated the qualifications and competence of the external valuers who have been engaged by the Management to determine the fair value of the Group’s investment properties at the end of the financial year ended 31 December 2018.</td>
</tr>
<tr>
<td></td>
<td>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to page 130 of this Annual Report.</td>
</tr>
<tr>
<td></td>
<td>The AC was satisfied that the valuers’ key inputs and assumptions used are within a reasonable range and industry norms.</td>
</tr>
</tbody>
</table>
Key audit matters | How the AC reviewed these matters and what decisions were made
---|---
Contract ER449A Viaduct from TPE to PIE (Westbound) and Upper Changi Road East | The AC considered the appropriateness of the Management’s judgement to determine the potential costs arising from the incident. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. For more details, please refer to page 131 of this Annual Report. The AC has assessed and concurred with the Management’s assessment that the additional costs recorded for the financial year ended 31 December 2018 were reasonable.

**INTERNAL CONTROLS**

The Group has put in place key risk management framework and internal control systems including financial, operational, compliance and information technology controls. The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd (HLS). The AC receives the internal audit report from HLS, assesses the adequacy and effectiveness of the Group’s key risk management and evaluates the internal audit processes and systems that are in place. The AC meets with HLS annually without the presence of the Management.

The AC is satisfied that the Group’s internal audit function is independent, effective and adequately resourced.

**EXTERNAL AUDIT**

The AC has evaluated the quality of work performed by the external auditors, Nexia TS Public Accounting Corporation, based on their response to a series of questions set out in a questionnaire. The questions seek to assess the quality of work performed by the external auditors based on a number of evaluation criteria. The AC is satisfied with the standards of the external auditors’ work. The AC meets with the external auditors annually without the presence of the Management.

The AC also performs a review of the non-audit services provided by the external auditors to ensure that they would not affect the independence of the external auditors.

The AC has recommended to the Board that the re-appointment of Nexia TS Public Accounting Corporation be proposed at the forthcoming Annual General Meeting in April 2019.

**Dr Chen Seow Phun, John**
Chairman of the Audit Committee

15 March 2019
Risks are inherent in all business enterprises, and therefore, managing risks is a key aspect of business management. We actively monitor and manage our exposure to risks relating to our industry. We are committed to consolidating our risk management framework so as to provide reasonable assurance that risks are mitigated. We do this by proactively safeguarding the integrity of our financial reporting, integrating management control into our 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 established various risk management policies and procedures to manage and mitigate the risks arising from the normal course of daily operations. We review our risk management and mitigation plans regularly to ensure that OKP responds promptly and efficiently to any change in market conditions and the Group’s activities.

We have identified the following 26 key risks that we face 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 likely benefit from any pump priming by the Government. However, 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></td>
<td>We are exposed to cyclical fluctuations in the economy as the construction business depends largely on the health of the infrastructure market in Singapore. This is, in turn, subject to the general health of the Singapore economy. An economic downturn could dampen general sentiments in the infrastructure market and reduce construction demand. This would invariably have an adverse effect on our business and financial performance.</td>
<td></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. We will maintain and comply with the various permits, authorisations and approvals required by various government agencies to ensure we run our operations smoothly.</td>
</tr>
<tr>
<td></td>
<td>Our services mainly relate to building safety and design standards in connection with the construction of infrastructure projects such as roads and expressways. Any change to the laws, regulations and policies affecting the construction industry, including the infrastructure market in Singapore, may affect our business and operations. As we operate in Singapore, we are subject to the laws and regulations of the land including environmental regulations. Any change in government regulations in the course of a project, for example, increasing controls over worksite safety and building standards could result in OKP incurring additional costs to comply with the new regulations. In addition, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the operations of our Group. In the event of environmental regulations, OKP’s operations are subject to various environmental laws in Singapore, which related mainly to the storage, discharge, handling, emission, general use and disposal of solid and hazardous waste and other toxic materials used during construction. In the case of violation of environmental regulatory requirements, our Group may incur fines, and face stop-work orders at our affected worksites. These actions may adversely impact OKP’s business. All these actions could have an adverse effect on our project costs, financial performance and business.</td>
<td></td>
</tr>
</tbody>
</table>
### Description of Risks

#### Risks Related to Our Industry

<table>
<thead>
<tr>
<th>No</th>
<th>Description of Risks</th>
<th>Our Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Guidelines and regulations by the Building and Construction Authority (BCA)</td>
<td>We have been able to maintain our BCA grading status since achieving the A1 grades. We continually review our financials and take the necessary measures to improve our financial management where necessary.</td>
</tr>
<tr>
<td></td>
<td>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 &amp; 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. Both our wholly-owned subsidiaries, Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co. (Pte) Ltd, are A1 grade civil engineering contractors, making them eligible for tenders of unlimited values. 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.</td>
<td></td>
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<tr>
<td>4.</td>
<td>Increased competition could adversely affect our competitive position</td>
<td>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 strong expertise and vast experience in road construction and road maintenance put us in a strong position to tender competitively for both government and private sector projects. We have a long operating history and a good track record; and over the years, we have shown that we are able to deliver superior quality, value-added services on time and within budget.</td>
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<tr>
<td></td>
<td>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 crucial that we are able to continuously secure new projects of similar or higher 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. As we also face increased competition in the tender process, we may be placed in a position where we need to lower our tender prices in order 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 us, we may lose tender bids or lower our profit margin to help us stay competitive. Thus, our financial performance and condition may be adversely affected in the face of greater competition.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Price fluctuations and availability of construction materials</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></td>
<td>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, in Singapore and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements. Should there be a significant increase in the prices of construction materials or should we fail to secure the requisite supply of construction materials at reasonable price levels, our Group’s business and profitability will be affected.</td>
<td></td>
</tr>
</tbody>
</table>
Risks Related to Our Industry

6. Dependence on the performance of the property sector

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 at higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects.

There is no assurance that our Group’s business and operations in property development will be sustainable in the long term.

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 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.

Our Risk Management

Civil engineering and construction remain our core business. Although we plan to grow the property development business, it is not our key business.

7. Reliance on key personnel to develop and grow our business

Our continued success is dependent to a large extent on our ability to retain the services of our key employees and 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 OKP, has more than 59 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of our Group, including determining its strategies and ensuring effective succession planning for all key positions within our Group.

Group Managing Director, Mr Or Toh Wat, who has more than 27 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 33 years’ experience and Mr Oh Enc Nam has more than 39 years’ experience in the construction industry. Mdm Ang Beng Tin has more than 44 years of experience in administration and human resources.

Our Group’s success and growth now and in the future will be dependent on our ability to retain the services of our executive team members and key management staff. If we lose any of their services without timely and suitable replacements, or if we are unable to attract and retain new key staff with relevant qualifications and experience, our business, financial condition, operational results and prospects will be adversely affected.

Furthermore, we may lose our business to any of our competitors, who have attracted and recruited 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.

Our Risk Management

We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 41 years old, has gained much experience and knowledge since joining us in 2003. He is currently responsible for business development and corporate communications.

The management is preparing a list of potential successors and assessing them against a checklist of leadership attributes. Plans are being put in place to develop these candidates through training and development.

In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.
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<td>8.</td>
<td>Dependence on private sector clients for a portion of our revenue</td>
<td>Over the years, we have tapped on the private sector increasingly for projects in order 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 clients but it has also increased uncertainty over the timeliness of collection of trade receivables. Our response to this is to adopt a selective approach for potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.</td>
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<td>9.</td>
<td>Liability claims and disputes</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 project, which we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, compensation may have to be paid to our customers. With this in mind, we spare no effort to ensure that all projects are competently managed to the highest standards. One of the ways we do this is to provide staff with regular and relevant training.</td>
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<td>10.</td>
<td>Exposure to cost overruns</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. Cost control measures are carried out at various stages of project execution 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 efficiently.</td>
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<td>11.</td>
<td>Dependence on foreign workers and exposure to labour shortages or changes in labour policies</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. Although we do face 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>
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<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 effective 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>
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### Risks Related to Our Industry

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<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.</td>
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<td>With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past five financial years.</td>
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<td>14.</td>
<td>Financial risks</td>
<td>Our Group’s activities expose us to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, OKP is subjected to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counter party may default on its contractual obligations, resulting in financial loss to the Group.</td>
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<td>With regard to liquidity risk, OKP is exposed to the risk of not having sufficient cash or cash equivalents, or not having sufficient amount of committed credit facilities.</td>
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<td>More details on how we manage these risks are found on pages 197-208 of the Annual Report (under the Notes to the Financial Statements).</td>
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<td>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>
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<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. The causes for delays include unfavourable weather situation, shortage of construction materials or labour disputes, breakdown of equipment and machinery and insufficient deployment of resources. In addition, government directives for the temporary stoppage of work may also cause project delays. If the completion of our projects is delayed, in particular, where 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.</td>
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<td>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 completed on time and within budget.</td>
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<td>16.</td>
<td>Safety hazards, especially in the oil and gas industry</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 adhere 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 subcontractors’ 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.</td>
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<td>We may be liable for fines and penalties if we breach workplace safety or regulatory requirements and, our operations and financial performance may be adversely affected as a result.</td>
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<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 if industrial accidents happen.</td>
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<td>We are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.</td>
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<td>17</td>
<td>Subcontracting risks</td>
<td>We identify good and reliable subcontractors 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>
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<td>We rely on subcontractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These subcontractors 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 subcontractors will continue to be satisfactory or that they will always meet our requirements for quality.</td>
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<td>In the event of any loss or damage arising from the default of our subcontractors, we as the main contractor will be liable for our subcontractors’ default. Furthermore, these subcontractors 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 projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and operating results.</td>
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<td>18</td>
<td>Liability for any design defects or failure in the civil engineering works</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>
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<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, even though 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.</td>
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<td>As at 31 December 2018, 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>
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<td>19</td>
<td>Accidents at our construction sites</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>
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<td>Even though we emphasise and have put in place safety measures, accidents may occur at our projects’ construction sites 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, resulting in liquidated damages under the contract with our customers.</td>
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<td>Such accidents may also subject us to claims from workers or other persons involved in such mishaps for injuries suffered by them. If there are any significant claims which are not covered by our insurance policies, our business operations and financial performance will be adversely affected.</td>
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<td>20</td>
<td>Insurance coverage may not be adequate</td>
<td>We review our insurance policies and coverage on a regular basis to ensure that all reasonably foreseeable losses or damages are covered by insurance.</td>
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<td>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 also cause a cessation in our operations at the construction sites.</td>
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<td>We have put in place various insurance policies 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. Such a situation may adversely impact our financial performance.</td>
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<tr>
<td>21.</td>
<td>Delays in finalisation of the value of additional works under variation orders and certification of completed works by our customers</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 documented to avoid disputes.</td>
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<td>22.</td>
<td>Performance bond guarantee</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>
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<td>23.</td>
<td>Successful bidding</td>
<td>We have a team of experienced project directors, project managers and quantity surveyors, who are committed to analysing and reviewing tender documents. We also have suppliers and subcontractors who provide us with competitive prices for their quality products and services.</td>
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Risks Related to Our Industry

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<td>21.</td>
<td>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 subcontractors to carry out these additional works even though our customers may not have paid us. There may be delays in the finalisation of the value of the additional works and certification of the completed works by our customers. This may adversely affect our operating cash flow.</td>
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<td>22.</td>
<td>Our ability to secure new projects may depend on us being able to secure performance bond guarantees and other bank facilities. 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 performance bond and our liquidity and financial position may be adversely affected as a result. 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>
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<td>23.</td>
<td>Our financial performance is dependent on our successful bidding for new projects and the non-cancellation of secured projects. As most of our projects are undertaken on a non-recurring basis, we need to continuously and consistently secure new projects of similar or higher value and volume. There is no assurance that we will be able to do so. If we are not able to secure such new projects on favourable terms and conditions, our financial performance will be adversely affected. In addition, the scope of work in a project will affect our profit margin and our financial performance. If we are to subcontract a material portion of the project work to a third party subcontractor, our profit margin from such project may be reduced. Cancellations or delays in commencing secured projects due to changes in our customers’ businesses, poor market conditions and lack of funds by the project owners may adversely affect us. There may also be a lapse of time between a project’s completion and the commencement of a subsequent project. Such disruptions could lead to idle or excess capacity. If we are unable to secure replacement projects on a timely basis, the idle or excess capacity may adversely affect our business and financial conditions.</td>
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<td><strong>Risks Related to Our Industry</strong></td>
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<td>24.</td>
<td>Risk associated with joint ventures</td>
<td>We are subject to risks associated with joint ventures. We expect that we may, as a matter of business strategy, from time to time enter into construction projects through the formation of joint ventures. These joint ventures involve a certain amount of business risks such as the inability or unwillingness of joint venture partners to fulfil their obligations under the joint venture agreements (if any). There is no assurance that we will not, in the future, encounter such business risks which, if financially material, will have an adverse effect on our business operations, financial performance and financial condition. We have our legal advisor to review all our agreements and ensure the company is well-protected against risks such as defaults by joint venture partners.</td>
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<td>25.</td>
<td>General risk associated with doing business outside Singapore</td>
<td>We have recently acquired our first overseas property, a freehold office complex in Perth, Australia. We are also exploring opportunities to extend our reach overseas. There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and consequently, our business, results of operations and financial condition. We recognise that there are risks inherent in business environments outside of Singapore. However, we have had operations outside of Singapore for many years and we strive to mitigate such risks as much as practically possible. Our senior management also monitors the regulatory environment of overseas operations closely and with the support of our legal advisor, we review all our agreements closely to ensure the Group is well-protected against risks such as defaults by clients, partners or subcontractors.</td>
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<td>26.</td>
<td>Cyber security risk</td>
<td>The Group is vulnerable to a wide range of risks, which are linked to its IT system, including interruptions to its network. With rising global incidences of cyber-attacks on many companies’ servers and websites, it is mandatory to fortify and strengthen the security of the Group’s IT systems and avoid any hacking or violation. Our operations can be interrupted by cyber-attacks and any cyber thefts of confidential and sensitive data could lead to litigation and financial losses. We have put in place and strengthen the required IT controls and governance practices internally, including reinforcement of network security such as updating security patches to the system and encrypting workstations. We have also established relevant procedures to safeguard against loss of information, ensure data security, and enable our business operations to quickly recover from any IT crisis. We also provide regular training to heighten awareness of IT threats for our staff.</td>
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