OKP HOLDINGS LIMITED
胡金標控股有限公司

ANNUAL REPORT
2016

EXCEEDING PAST ASPIRATIONS INSPIRING GREATER FUTURE

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OUR THEME

EXCEEDING PAST ASPIRATIONS INSPIRING GREATER FUTURE

For our annual report this year, we feature on the cover two scenes – Singapore of the past which has developed and flourished to become a modern day global city – with a curtain separating the two images. The overall look fittingly captures OKP's theme for this year's annual report – Exceeding Past Aspirations Inspiring Greater Future – as it mirrors how OKP has grown from its humble beginnings as a sole-proprietorship engaged in civil engineering activities, to what it is today – a leading infrastructure and civil engineering group in Singapore with the potential of a greater future ahead.

Indeed, the annual report's cover features a slice of Singapore's heritage, when the nation was then known as a busy fishing port. As the curtain is drawn, it unveils a striking skyline of Singapore today – a modern city-state that is globally recognised for its strengths despite its small size. The Singapore skyline also captures our strengths in our core business in civil engineering. This transition is similar to how OKP's aspirations in the past have carried it through the strengthening of its capabilities and expertise to become a leading industry player in the infrastructure and civil engineering arena in Singapore today and will continue to do so in the years ahead.

Despite uncertainties in the global economy, we are confident of a bright future as the Group has established a solid foundation through its good track record, strong management team, experienced and skilled staff in civil engineering projects, and well-known expertise. We believe that our high-quality skills, invaluable experience and strong expertise will help us to achieve our mission to be the first and preferred civil engineering contractor for the various industries here and overseas.

Today, OKP is well recognised as a specialist in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. In recent years, the Group has also ventured into property development and investment.

Although we have exceeded our earlier expectations, we are not resting on our laurels. The OKP team will press ahead to achieve an inspiring and brighter future. We believe we will be able to do this as we work diligently and purposefully together to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

OUR VISION

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

OUR MISSION

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

OUR GUIDING PRINCIPLES

TO OUR CLIENTS

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

TO OUR EMPLOYEES

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

TO OUR SUPPLIERS

We are committed to developing and strengthening relationships with them, recognising them as valued contributors and partners.

TO OUR SHAREHOLDERS

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

OUR STRATEGY

STAYING FOCUSED ON CORE COMPETENCES

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

EXTENDING OUR PRESENCE IN THE OIL AND GAS SECTOR

To spread risk, we will actually grow our civil engineering expertise in the oil and gas sector in order to grow our earnings base, and to ensure that we do not become overly dependent on a single revenue source.

EXPLORING OVERSEAS OPPORTUNITIES

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

DIVERSIFYING EARNINGS THROUGH PROPERTY DEVELOPMENT AND INVESTMENT

As part of our long-term strategy, we seek to diversify our earnings through our property development and investment division.

OUR CHAIRMAN'S STATEMENT

I AM PLEASED TO INFORM THAT THE BOARD HAS PROPOSED A FINAL DIVIDEND OF 0.7 CENT PER SHARE AND A SPECIAL DIVIDEND OF 0.8 CENT PER SHARE. TOGETHER WITH THE INTERIM DIVIDEND PAID OF 0.5 CENT PER SHARE, THE TOTAL DIVIDENDS OF 2.0 CENTS PER SHARE REPRESENT A DIVIDEND YIELD OF 6.9 PER CENT AND A DIVIDEND PAYOUT RATIO OF 42.6 PER CENT FOR FY2016.

Or Kim Peow
Group Chairman

Dear Shareholders,

During the past year, the outlook for the global economy continues to face uncertainties with still low oil prices, slow economic growth in China and modest growth in the Eurozone economy, although United States and ASEAN economies are seeing some signs of recovery. Such economic factors, plus political instability and potential environmental calamities, will continue to weigh on businesses operations all over the world including Singapore.

According to the Ministry of Trade and Industry's figures announced on 17 February 2017, the Singapore economy saw slower growth of 2.0 per cent per cent in 2016, marginally up from 1.9 per cent growth in 2015, Growth in the construction sector went up by 0.2 per cent, moderating from the 3.9 per cent growth in 2015. Sluggish private sector construction works weighed down growth in this sector.

Despite these challenges, OKP Holdings Limited (OKP) stays positive and confident that the Group can overcome these difficulties by staying focused on its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. Our vision will continue to be the key factor in propelling the company ahead as we seek to exceed past aspirations and inspire OKP towards a greater and sustainable future.

The Group is committed to implementing its strategy to focus on our core competencies, broadening our presence in the oil and gas sector, exploring overseas business opportunities, and diversifying earnings through property development and other investments. We are confident that this strategy will help to engineer business growth and fortify our competitiveness.

At OKP, we aim to uphold our leadership position in our core business of construction and maintenance in the public sector, while progressively growing our projects in the private sector. During 2016, the Group was successful in clinching one construction and four maintenance contracts with a total value of $101.8 million.

We have also established firmer foundations for our company by broadening our expertise and capabilities through forming joint ventures to develop properties and bid for Mass Rapid Transit (MRT) projects. To date, the Group has been involved in developing two property projects. These are Amber Skye, a condominium at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/Tao Ching Road, in Singapore.

Founded in 1966, OKP was listed on the Singapore Exchange in 2002. Since its founding, the Group has grown substantially with staff strength growing from 10 employees in 1967 to 409 in 2002 and 808 today. In facing the ups and downs of the business cycle while overcoming numerous obstacles in building and managing an infrastructure and civil engineering business in Singapore and the region, OKP has grown to become a steady and reliable business, motivated by its mission.

OKP is involved in the construction of the viaduct from TPE to PIE (Westbound) and Upper Changi Road East.

To be the first and preferred civil engineering contractor for the various industries, here and overseas is the Group's mission. We will continue to drive ourselves forward in achieving this mission by steadily expanding our expertise, capabilities and presence in order to stay ahead of our competitors. Through several decades, OKP's reputation has grown due to its many key advantages, which have reinforced its leadership position in the construction industry. These advantages include our strong track record, capable management team, experienced and skilled staff in civil engineering projects, and vast expertise.

PERFORMANCE REVIEW

It was a challenging and competitive year in 2016 for the Group as it continued to seek to exceed its past aspirations and work towards a sustainable and brighter future. During the financial year (FY2016), OKP recorded revenue of $111.1 million, a 7.6 per cent increase compared to the previous year (FY2015). The overall increase in revenue came from the Group's construction segment, which rose 16.7 per cent to $90.5 million in FY2016. However, total revenue was affected by the maintenance segment, which fell by 19.9 per cent to $20.6 million.

LakeLife executive condominium received its Temporary Occupation Permit in December 2016.

The main contributor to the Group's revenue was the construction segment, accounting for 81.5 per cent (2015: 75.1 per cent) of total revenue for the financial year. The maintenance segment accounted for 18.5 per cent (2015: 24.9 per cent) of OKP's overall revenue.

This increased revenue contribution from the construction segment was mainly driven by the higher percentage of revenue recognised due to the progression of a number of existing construction projects towards a more active phase during the financial year. In the case of the maintenance segment, the drop in revenue was attributed to the substantial completion of several existing maintenance projects in FY2016.

Gross profit increased by 59.2 per cent to $21.9 million compared to $13.8 million a year ago while gross profit margin went up to 19.7 per cent compared to 13.3 per cent in the previous year. The higher gross profit margin was largely attributable to the completion of a few maintenance projects, which had commanded better gross profit, and the recognition of variation orders for a construction project. Net profit attributable to equity holders jumped by 104.7 per cent to $14.3 million compared to $7.0 million a year ago.

Overall, the increase in bottom-line was mainly in sync with the higher revenue and gross profit as well as due to an increase in share of results of associated companies and joint ventures of $2.9 million. This increase was mainly due to a $2.6 million gain from the share of profit from a joint venture, Lakehomes Pte. Ltd., developer of the LakeLife executive condominium, based on the recognition of profits from units of the development which were ready for handover. Correspondingly, basic earnings per share was 4.7 cents compared to 2.3 cents a year ago, a jump of 104.8 per cent.

OUR CHAIRMAN'S STATEMENT

OKP constructed a covered linkway from the Ministry of Manpower building to Havelock Road in the Walk2Ride programme (ER443).

The Group's balance sheet remained solid. With a healthy cash position of $70.1 million, its net tangible assets amounted to $112.7 million as of 31 December 2016. This was equivalent to 36.5 cents per share, compared to 33.4 cents per share a year ago.

In appreciation of the loyal support from OKP's shareholders through the past years, I am pleased to inform that the Board of Directors has proposed a final dividend of 0.7 cent per share and a special dividend of 0.8 cent per share. Together with the interim dividend paid at 0.5 cent per share, the total dividends of 2.0 cents per share represent a dividend yield of 6.9 per cent and a dividend payout ratio of 42.6 per cent for FY2016 based on our closing share price of 29.0 cents on 31 December 2016.

EXCEEDING PAST ASPIRATIONS

The Group's strenuous efforts and invaluable expertise have been well recognised in the industry as OKP received many accolades through the years. In 2016, we won six awards – the Best Annual Report Award (Gold) in the "Companies with less than $300 million market capitalisation" category at Singapore Corporate Awards 2016, three safety awards, two Green and Gracious Builder (Excellent) awards and one Total Defence award.

The three safety awards are from Changi Airport Group in recognition of our commitment to achieve Zero Safety Infringement for works at Seletar Airport; and two from the Land Transport Authority (LTA). One is for "Category 2 (Civil contracts not exceeding $120 million) for companies that have achieved above 400,000 accident-free man-hours worked" for Contract ER458, and the other is for the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER458.

During the year under review, OKP continued to strengthen its business by winning five contracts - one construction project and four maintenance projects. The Group completed one construction project and two maintenance projects, which were handed over successfully to the clients. We continued the execution of several ongoing construction projects, which had been secured since April 2014.

Currently, our net construction order book stood strong at $329.9 million, with contracts, extending till 2019.

INSPIRING GREATER FUTURE

In the near future, the construction industry will continue to stay positive with a steady stream of projects in the pipeline. The Building and Construction Authority (BCA) has projected that the total value of construction contracts to be awarded in 2017 will reach between $28.0 billion and $35.0 billion, higher than the preliminary estimate of $26.1 billion in 2016. About 70.0 per cent of the contracts will be driven by the public sector, due to an increase in demand for most building types and civil engineering works. Public sector construction demand is expected to increase from about $15.8 billion last year to between $20.0 billion and $24.0 billion this year.

With the current slowdown in the property market and continued uncertain economic climate still prevailing, the private sector construction demand is likely to remain subdued with projected demand of between $8.0 billion and $11.0 billion in 2017.

The good news is that the Singapore Government announced during the February 2017 Budget debate that it will provide a boost to the construction industry by bringing forward the start date for about $700 million worth of infrastructure projects in the public sector to 2017 and 2018. This is positive news for infrastructure and civil engineering companies such as OKP as we will have greater opportunities to bid for such projects.

Although the construction industry is intensively competitive, OKP is confident of securing more sustainable business as the Group is an experienced player, especially for public sector projects. The BCA's projections of higher construction demand particularly from the public sector and in civil engineering works in 2017, spell good news for OKP. The Group has a solid reputation in the public sector, which will put it in a strong position to win new contracts in the coming year. To stay ahead of the tough competition, OKP has been broadening its expertise and consolidating its capabilities by undertaking new and related areas of business and expanding overseas.

At OKP, we are looking with great interest at a number of large and exciting infrastructure projects in Singapore, which are expected to offer potential construction and civil engineering business opportunities for us.

Our investments in property developments will continue as and when excellent opportunities arise. Currently, the Group is involved in two property projects. They are the 109-unit freehold Amber Skye at Amber Road which was launched in September 2014, and an executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road in Singapore, which has sold almost all its units and obtained the Temporary Occupation Permit on 30 December 2016.

Prime Minister Lee Hsien Loong officiated at the opening of and rode on the Ang Mo Kio cycling path, which is part of OKP's project for improving road-related facilities, road structures and safety schemes in East Sector.

The Group's focus will continue to be on its civil engineering business, where we have established our decades-long solid track record and vast expertise as the preferred civil engineering contractor for various industries, locally and overseas. However, we are also realistic and expect the operating environment in the construction industry to remain tough. This is due to increasing business costs, a tight labour market, and scarcity of experienced and skilled manpower, as a consequence of the prevailing government policies and legislation involving foreign workers' employment.

To tackle these issues, OKP has enhanced its operations and productivity through various measures. These include the adoption of advanced technologies and training programmes.

Our Group will continue to tender for new projects, both locally and overseas and explore new businesses, through acquisitions, joint ventures and/or strategic alliances, that could complement our construction and maintenance business. These will enable us to move into new markets and acquire potential clients.

A NOTE OF THANKS

On behalf of the Board, I would like to express my heartfelt thanks for the continuing and unwavering support of our shareholders, clients, business associates and suppliers through the years. I would like to convey my deep appreciation for the continuing backing from all of you. I am also grateful to the management team and employees for your leadership, excellent efforts and good team work. As we look to the future, I am sure that you will continue to put in your best efforts and be inspired to help OKP grow stronger and better in the years ahead.

Last but not least, I would also like to register a big thank you to our Board of Directors for their wise counsel and invaluable contributions, which they have given generously from their years of experience.

All of you have devoted your time, energy and investments to make OKP what it is today – and for this, I am truly grateful. As we celebrated the 50th anniversary of the founding of Or Kim Peow Contractors (Pte) Ltd, which started as a sole proprietorship in 1966, we can see that the Group has made great strides through the years. This is indeed a milestone we should all be proud of. I sincerely believe that together with all your combined efforts and contributions, we can achieve our vision to be one of the leading infrastructure and civil engineering companies in Singapore and the region now and in the future.

OR KIM PEOW
Group Chairman

OUR GROUP MANAGING DIRECTOR'S REVIEW

THE GROUP EMPHASISES GOOD TEAMWORK AND EFFECTIVE COMMUNICATION TO ENABLE US TO CARRY OUT OUR PROJECTS WELL, ENABLING US TO DELIVER TO OUR CLIENTS A HIGH LEVEL OF SERVICE TO THEIR SATISFACTION.

Or Toh Wat
Group Managing Director

The Singapore construction industry stayed buoyant in 2016. A Building and Construction Authority's (BCA) announcement on 6 January 2017 stated that total construction output remained high at $35.1 billion in 2016, although slightly lower than the 2015's figure of $36.4 billion.

In 2016, the total construction demand was slightly lower than forecasted mainly due to the re-scheduling of a few major public sector projects to 2017 as longer preparation times were needed to implement these large-scale projects. Despite the slight forecast shortfall, total public sector construction demand last year was higher than the $13.3 billion in 2015, supported by the strong demand for civil engineering projects.

As a key player in the public sector arena, OKP was able to secure five public sector projects totalling about $101.8 million in 2016.

In 2017, the construction industry outlook remains upbeat as the BCA projected that the value of construction contracts to be awarded will reach between $28.0 billion and $35.0 billion. This is due to an anticipated increase in public sector construction demand from about $15.8 billion last year to between $20.0 billion and $24.0 billion this year. Boosted by an increase in demand for most building types and civil engineering works, the public sector is expected to contribute about 70.0 per cent of the total construction demand. The mega public sector infrastructure projects include the second phase of the Deep Tunnel Sewerage System (DTSS phase 2), North-South Corridor and MRT Circle Line 6. This is encouraging news for companies engaged in civil engineering works such as OKP.

To add to the positive spin, the start date for about $700 million worth of infrastructure projects in the public sector will be brought forward to 2017 and 2018, according to the Singapore Government's announcement during the February 2017 Budget debate. With our strong track record in public sector works, we look forward to bidding for some of these infrastructure projects.

WINNING NEW PROJECTS

During the year under review, the Group secured one construction project and four maintenance projects with a total value of $101.8 million. The $19.3 million construction project was awarded by JTC Corporation in July 2016, for the proposed infrastructure works at Punggol (Phase 1).

Out of the four new maintenance contracts won, two contracts with a combined worth of $27.8 million are from the Public Utilities Board (PUB). The contracts involved improvement to roadside drains at Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas; and at Lorong 22 to 22 Geylang areas. The other two contracts are from the Land Transport Authority (LTA) for road resurfacing works along Pan Island Expressway (PIE), Ayer Rajah Expressway (AYE) and other expressways; as well as along East Coast Parkway (ECP), Seletar Expressway (SLE), Bukit Timah Expressway (BKE), Central Expressway (CTE) and Kallang Paya Lebar Expressway (KPE). The combined value of both contracts from LTA is $54.7 million.

Our net construction order book looks good, with $329.9 million of secured contracts, extending till 2019.

OKP is involved in the construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14.

EXECUTING AND PERFORMING WELL

Our strong financial performance in 2016 speaks well of OKP's consistent efforts to maintain its leadership position in the infrastructure and civil engineering market in Singapore, even as the company continues to grow and enhance its existing strengths. The Group fared well, registering total revenue of $111.1 million, up 7.6 per cent compared to the previous financial year.

The good financial performance can only be attributed to our dedicated and committed staff, who help the Group to exceed its past aspirations as a company and work towards an inspiring and better future. All our key functions are well-manned by experienced employees, who are well-versed in the necessary procedures and operational processes. They are also able to interface effectively with other staff members internally, and with clients, suppliers and business associates externally. Over the course of the year, we faced our fair share of operational challenges, but nothing that was insurmountable. As with all service-oriented businesses, manpower and talent continued to be major issues for OKP. We have made it a priority to orientate our new staff, develop our people and provide sponsorships and scholarships. Thus far, we have been able to manage our resources well.

We are aware that attracting and retaining talent, and developing potential in present and future staff, will always remain at the top of the agenda of the Group. It is only if we are able to maintain and retain a highly qualified and experienced team that we may continue to deliver projects to the same high level of service quality that our clients have come to expect of us. The need continues to be most acute in the ranks of middle management levels such as supervisors and foremen. Nonetheless, our progressive human resource policy and our commitment to developing potential have helped us to retain most of our key staff.

As an employer of 808 workers, workplace safety is one of the most important aspects of our operations. The Group is committed to providing its staff with a safe accident-free working environment and ensuring that they go home safe and sound after work. Of course, this commitment is also extended to our contractors, subcontractors and others who come to work at our worksites. Developing and instilling a culture of safety and good environmental awareness within OKP is a vital factor in the planning and operation of our business. This involves training our workers, organising drills and taking all necessary measures to ensure a safe and risk-free working environment.

As a leading home-grown infrastructure and civil engineering company in the region, the Group has two core business segments - construction and maintenance. Our business strategy remains in focusing on our core competencies, broadening our presence in the oil and gas sector, exploring overseas business opportunities, and diversifying earnings

OKP is constructing the Stamford diversion canal – Tanglin and Kim Seng.

OUR GROUP MANAGING DIRECTOR'S REVIEW

OKP is involved in improvements to roadside drains at Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas.

One of OKP's projects is the maintenance of road-related facilities, road structures and safety schemes in East Sector (Hougang Avenue 5 Silver Zone 4).

through property development and other investments. We have extended our capabilities by forming joint ventures to develop properties and bid for Mass Rapid Transit (MRT) projects. To date, OKP has been involved in developing two property projects. These are Amber Skye at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/Tao Ching Road, in Singapore. Both of these developments have been launched for sale. LakeLife received its temporary occupation permit in December 2016.

CONSTRUCTION: RETAINING OUR LEAD IN PUBLIC SECTOR WORKS

The construction segment contributed $90.5 million to OKP's total revenue during the year under review. It is the main contributor to the Group's revenue, accounting for 81.5 per cent (2015: 75.1 per cent).

In 2016, there was one completed construction project, which had been secured in October 2015 and was completed in June 2016. The completed construction project was awarded by JTC Corporation for the extension of road, drain and sewer works at Woodlands Avenue 4.

Currently, OKP is busy with seven ongoing construction projects and one awarded to a joint venture. The seven ongoing construction projects are widening of Tanah Merah Coast Road; construction of Stamford diversion canal contract 1 – Tanglin and Kim Seng; Walk2Ride Programme (two contracts); construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14; construction of viaduct from TPE to PIE (Westbound) and Upper Changi Road East; and proposed infrastructure works at Punggol (Phase 1). Four projects are awarded by the LTA, two from JTC Corporation, and one from PUB.

In addition to the above projects, another PUB contract for the improvement to Bukit Timah first diversion canal contract 3 (Holland Green to Clementi Road) was awarded to a joint venture, Chye Joo-Or Kim Peow JV, in May 2015.

MAINTENANCE: RETAINING OUR SOURCE OF RECURRENT INCOME

Maintenance contracts provide the "bread-and-butter" of our business, ensuring a steady and stable stream of income. These contracts are typically lower in value than construction projects and are executed over a longer time period, and are an essential part of our core business. They are also an important part of the services that we provide to our clients. Over the years, we have carved a reputation for ourselves in this area of work with many repeat clients. The maintenance segment contributed $20.6 million or 18.5 per cent (2015: 24.9 per cent) to our total revenue, a decrease of 19.9 per cent compared to the previous financial year.

OKP is involved in the Walk2Ride programme (ER442), which includes the low-covered linkway at Ranggung LRT.

Improvement to Bukit Timah first diversion canal from Holland Road to Clementi Road by Chye Joo - Or Kim Peow JV.

In 2016, we completed two maintenance projects. These projects comprised mainly term contract ad hoc repairs and upgrading of roads, road-related facilities and road structure; and improvements to roadside drains at Lorong 101-108 Changi Road/Langsat Road, Hillview Avenue and Thomson Road. One contract for repairs and road-related works was awarded by LTA in July 2013 and completed in 2016. The other contract for improvements to roadside drains was awarded by PUB in April 2014 and completed in October 2016.

Currently, the Group is working on five ongoing maintenance projects. Three of these projects are awarded by the LTA. They are road-related facilities, road structures and road safety schemes in East Sector Road; resurfacing works along PIE, AYE and other expressways, and planned road surfacing works along ECP, SLE, BKE, CTE and KPE. The other two are awarded by PUB and are for Improvement to roadside drains V contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas); and improvement to roadside drains V Contract C2 (Lorong 22 to 22 Geylang areas).

ENABLING SMOOTH PROJECT OPERATIONS

Good project management is vital for smooth and efficient project execution. We are fortunate to have managers who have the ability to motivate staff members to contribute their best efforts. The Group emphasises good teamwork and effective communication to enable us to carry out our projects well, enabling us to deliver to our clients a high level of service to their satisfaction.

Our experience in human resource management and project execution has helped us to resolve any issues which we have encountered and to better our operation and business as a whole.

EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group is pleased to see its gross profit jump by 59.2 per cent to $21.9 million compared to $13.8 million a year ago, and its gross profit margin increasing to 19.7 per cent compared to 13.3 per cent in the previous year.

The higher gross profit margin was largely due to the completion of a few maintenance projects, which had commanded better gross profit, and the recognition of variation orders for a construction project. Net profit attributable to equity holders jumped by 104.7 per cent to S$14.3 million, up from $7.0 million a year ago.

Overall, better project management and tighter cost controls also helped. However, exercising a high level of financial prudence does not mean cutting corners. For us, good execution is the key to ensuring that projects are completed on time and within budget, and we remain committed to a high level of operational efficiency. We are confident this will help us to continue to grow our business and have an inspiring and sunny future.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude, thanks and deep appreciation to my management team and staff for their hard work, commitment, and dedication. Together as a team, I am confident that we will have another rewarding year as we continue to build OKP to become the first and preferred civil engineering contractor in Singapore and beyond.

OR TOH WAT
Group Managing Director

OUR FUTURE OUTLOOK

The expansion of the CTE/TPE/SLE Interchange is one of OKP's completed projects.

The Singapore economy saw slower growth of 2.0 per cent per cent in 2016, slightly up from 1.9 per cent growth in 2015, according to the Ministry of Trade and Industry's announcement on 17 February 2017. Growth in the construction sector went up by 0.2 per cent, moderating from the 3.9 per cent growth in 2015. Growth in this sector was weighed down by sluggish private sector construction works.

Despite some sunny predictions, uncertainties and downside risks in the global economy remain. Political risks and economic uncertainties have risen. In addition, signs of a rise in anti-globalisation and protectionist sentiments will adversely affect global trade. These factors are expected to weigh on Singapore's economy with the Ministry's growth forecast for 2017 to be between 1.0 and 3.0 per cent.

Although the global economic environment remains challenging, the Singapore construction industry remains optimistic with potential for more sustainable work. According to the Building and Construction Authority's projections, the value of construction contracts to be awarded in 2017 will reach between $28.0 billion and $35.0 billion. The expected stronger construction demand is due to an anticipated increase in public sector construction demand from about $15.8 billion in 2016 to between $20.0 billion and $24.0 billion in 2017. About 70 per cent of the total construction demand is from the public sector, which is boosted by an increase in demand for most building types and civil engineering works. This is certainly positive news for the construction industry.

Of interest to OKP will be the civil engineering contracts relating to mega public sector infrastructure projects such as various major contracts for the second phase of the Deep Tunnel Sewerage System (DTSS Phase 2), North-South Corridor and MRT Circle Line 6.

However, the private sector construction demand is likely to remain subdued and is projected to stay between $8.0 billion and $11.0 billion in 2017, due to the current slowdown in the property market and continued economic uncertainties.

Looking ahead to 2018 to 2021, public sector construction demand will be between $18.0 billion and $23.0 billion per year, with similar proportions of demand coming from building projects and civil engineering works. Besides public housing developments and more healthcare and educational facilities, public sector demand over the medium term will be supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5.

The Alexandra Canal is one of OKP's completed projects.

During the Budget debate in February 2017, the Singapore government announced that it will support the construction industry by bringing forward the start date for about $700 million worth of infrastructure projects in the public sector to 2017 and 2018. Thus, beyond 2017, civil engineering construction demand is expected to remain optimistic. This is indeed encouraging news for infrastructure and civil engineering companies such as OKP.

Nevertheless, the construction industry continues to encounter difficulties due to rising business costs, a tight labour market, and a scarcity of experienced and skilled manpower, in view of the prevailing government policies and legislation involving foreign worker hires.

Design and build of the interchange at TPE/Sengkang West Road/Seletar Aerospace Way is one of OKP's completed projects.

INSPIRING GREATER FUTURE

In the midst of all these challenges, OKP remains upbeat due to the fact that it has weathered the ups and downs of a business cycle many times in the past to become one of the leading transport infrastructure and civil engineering companies in Singapore. Indeed, we are acknowledged for our strong expertise, solid experience and unwavering reliability, particularly in the public sector where a steady pipeline of institutional and civil engineering contracts are expected to come onboard. Moreover, the Group has exceeded its past aspirations as a company by broadening its capabilities through joint ventures for property developments and bidding of future MRT projects, and venturing overseas by establishing a representative office in Jakarta, Indonesia. As we move steadily forward to achieve long-term and sustainable growth for OKP, we are confident that we will have an inspiring and greater future ahead.

FIVE-YEAR FINANCIAL HIGHLIGHTS

	FY2016 $'000	FY2015 $'000	FY2014 $'000	Restated* FY2013 $'000	FY2012 $'000
For The Year					
Revenue - Construction	90,492	77,572	71,113	78,677	91,516
Revenue - Maintenance	20,607	25,718	38,363	28,317	12,966
Revenue	111,099	103,290	109,476	106,994	104,482
Revenue - Construction (% of total revenue)	81.5%	75.1%	65.0%	73.5%	87.6%
Revenue - Maintenance (% of total revenue)	18.5%	24.9%	35.0%	26.5%	12.4%
Gross profit	21,919	13,768	8,760	11,171	23,449
Gross profit (%)	19.7%	13.3%	8.0%	10.4%	22.4%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	19,476	10,826	5,240	8,608	18,206
EBITDA margin (%)	17.5%	10.5%	4.8%	8.0%	17.4%
Finance cost (i.e. Interest expense)	72	62	54	59	89
Profit before income tax	16,507	7,606	2,200	5,317	14,763
Profit before income tax (%)	14.9%	7.4%	2.0%	5.0%	14.1%
Net profit	14,338	7,004	2,539	4,809	12,524
Net profit (%)	12.9%	6.8%	2.3%	4.5%	12.0%
Profit after income tax and non-controlling interests (PATMI)	14,338	7,005	2,541	4,812	12,364
PATMI Margin (%)	12.9%	6.8%	2.3%	4.5%	11.8%

	FY2016 $'000	FY2015 $'000	FY2014 $'000	Restated* FY2013 $'000	FY2012 $'000
At Year End					
Current assets	106,389	83,381	74,076	75,052	89,514
Total assets	164,217	137,768	132,581	134,572	137,519
Current liabilities	46,813	30,813	32,202	34,875	39,376
Total liabilities	49,793	33,081	34,276	37,869	41,146
Total debt (i.e. finance lease)	3,148	2,587	2,235	2,742	1,454
Shareholders' equity	114,424	104,687	98,255	96,651	96,318
Total equity	114,424	104,687	98,305	96,703	96,373
Operating cashflow	28,265	20,254	(1,115)	(1,467)	(7,041)
Cash and cash equivalents	74,685	54,689	34,009	37,577	53,992
Net tangible assets	112,711	102,916	96,427	94,752	94,348
Net construction order book	329,859	344,873	296,837	161,614	230,423
Number of shares	308,431	308,431	308,431	308,431	307,220
Adjusted weighted average number of ordinary shares					
- Basic	308,431	308,431	308,431	308,431	305,771
- Fully diluted	308,431	308,431	308,431	308,431	306,974
Share price at year end (cents)	29.00	22.00	25.50	34.50	51.00
Market capitalisation as at 31 December	89,445	67,855	78,650	106,409	156,682
Capital expenditure	4,092	2,879	2,360	3,331	5,570

	FY2016 $'000	FY2015 $'000	FY2014 $'000	Restated* FY2013 $'000	FY2012 $'000
Financial Ratios					
Profitability					
Revenue growth (%)	7.6%	(5.7%)	2.3%	2.4%	(4.9%)
PATMI growth (%)	104.7%	175.7%	(47.2%)	(61.1%)	(53.4%)
Return on assets (%) (PATMI/Total assets)	8.7%	5.1%	1.9%	3.6%	9.0%
Return on equity (%) (PATMI/Ave shareholders equity)	13.1%	6.9%	2.6%	5.0%	13.4%
Liquidity					
Current ratio (times)	2.3	2.7	2.3	2.2	2.3
Cash as per share (cents)	24.2	17.7	11.0	12.2	17.6
Net tangible assets per share (cents)	36.5	33.4	31.3	30.7	30.7
Leverage					
Total debt to equity ratio (times) (Total debt/Total equity)	<0.1	<0.1	<0.1	<0.1	<0.1
Interest cover (times) (EBITDA/Finance cost)	270.5	174.6	97.0	145.9	204.6
Investors' Ratio					
Earnings per share (cents)					
- Basic	4.7	2.3	0.8	1.6	4.0
- Fully diluted	4.7	2.3	0.8	1.6	4.0
Gross dividend per share (cents) - ordinary	1.2	0.8	0.1	0.3	1.5
Gross dividend per share (cents) - special	0.8	0.3	0.0	0.0	0.0
Total gross dividend per share (cents) (DPS)	2.0	1.1	0.1	0.3	1.5
Gross dividend yield (%) based on year end share price	6.9%	5.0%	0.4%	0.9%	2.9%
Gross dividend payout (%) (DPS/Basic EPS)	42.6%	47.8%	12.5%	18.8%	37.5%
Productivity					
Number of employees	808	814	841	849	760
Revenue/employee ($'000)	137.5	126.9	130.2	126.0	137.5

(*) - Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

The construction of Stamford diversion canal – Tanglin and Kim Seng by OKP.

OKP is involved in improvements to roadside drains at Lorong 22 to 22 Geylang areas.

STRENGTHENING CORE BUSINESS **BUILDING** NEW CAPABILITIES

Extending our leadership position in our core business, we continue to explore and develop new capabilities, thus expanding our outreach and ensuring a sustainable future.

OUR CORPORATE PROFILE

OKP Holdings Limited (OKP) and its subsidiary corporations are a leading infrastructure and civil engineering group in Singapore. We specialise in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals.

We also undertakes maintenance works for roads and road-related facilities as well as building construction-related works. Over the years, we have expanded our core business to include property development and investment.

Started by Founder and Chairman, Mr Or Kim Peow, in 1966 as a sole-proprietorship, wholly-own subsidiary corporation Or Kim Peow Contractors (Pte) Ltd celebrated 50 years in business in 2016. Since then, OKP has grown and exceeded past aspirations to become a leading infrastructure and civil engineering group today with two core business divisions – Construction and Maintenance. We tender for both public and private civil engineering and infrastructure construction projects as well as maintenance contracts.

Our clients include both public and private sector organisations. Public sector clients include the Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority. In the private sector, clients include the Changi Airport Group, ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd, and WorleyParsons Pte Ltd.

CORPORATE DEVELOPMENTS

Our key strategy is to establish solid foundations in our core competencies while increasing our presence in other revenue-generating sectors, thus building a strong future for the company. Our expertise and reputation as a leading player in the public sector have been well acknowledged, especially in Singapore. Our wholly-owned subsidiary corporations, Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd, are A1 grade civil engineering contractors under the Building and Construction Authority's Contractors' Registry, which allows them to tender for public sector construction projects of unlimited value.

In strategic moves to expand its capabilities and boost its competitiveness, OKP has invested in a few joint ventures. In 2014, we invested in an associated company, United Singapore Builders Pte. Ltd., with four other established construction companies with the aim of participating in Mass Rapid Transit (MRT) tenders and undertake MRT projects if awarded.

We also frequently keeps an eye for fresh opportunities to build on our property development and investment portfolio. In September 2013, OKP Land Pte Ltd. formed a joint venture company, Lakehomes Pte. Ltd., with BBR Development Pte. Ltd., Evia Real Estate (5) Pte. Ltd., CNH Investment Pte. Ltd. and Ho Lee Group Pte Ltd to develop a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road in Singapore. LakeLife was successfully launched in October 2014 and sold almost all its units and the Temporary Occupation Permit had been received on 30 December 2016.

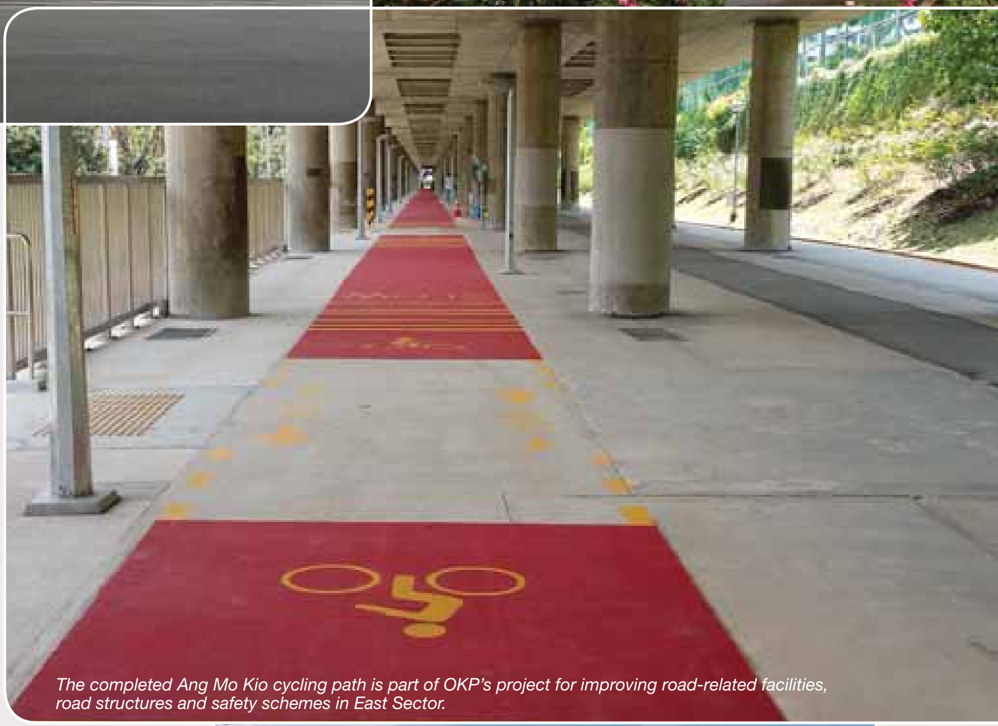
In June 2012, OKP Land Pte. Ltd., took a 10.0 per cent stake in CS Amber Development Pte. Ltd., a subsidiary corporation of China Sonangol Land Ltd., the property arm of China Sonangol International (S) Pte. Ltd. The property developer is currently developing a luxury condominium project, Amber Skye, at Amber Road, which has been launched for sale.

Earlier in December 2010, wholly-owned subsidiary corporation, Or Kim Peow Contractors (Pte) Ltd, entered into a 50-50 joint venture with Soil-Build (Pte) Ltd, a wholly-owned subsidiary corporation of Soilbuild Construction Group Ltd, which is an established construction company in Singapore. In the same month, the new joint venture company, Forte Builder Pte. Ltd., secured a $83.5 million contract from Angullia Development Pte. Ltd. to undertake the construction of a luxury condominium in Angullia Park, Orchard Road. The development has since been completed.

OKP designed and built the interchange at TPE/ Sengkang West Road/Seletar Aerospace Way.

OKP co-developted Amber Skye, a private condominium at Amber Road, which has been completed and launched for sale.

OKP completed a construction project at Seletar Airport.



The completed Ang Mo Kio cycling path is part of OKP's project for improving road-related facilities, road structures and safety schemes in East Sector.

Continuing to grow its presence in the oil and gas industry is another of our Group's business goal. In 2006, OKP first entered this sector when it won a project related to the $750.0 million Universal Terminal, a massive petroleum storage facility on Jurong Island, Singapore's oil refining and petrochemical hub. Since then, OKP has secured numerous other projects including civil works relating to ExxonMobil's multi-billion dollar petrochemical project, known as the Second Petrochemical Complex. In August 2010, OKP made greater progress in the sector with the signing of a contract for land reclamation works on Jurong Island.

Through the decades, OKP has won various awards for its annual reports, corporate governance and investor relations efforts. In August 2010, OKP made the Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the top 200 firms in the Asia-Pacific region, which were selected from a list of nearly 13,000 publicly-listed top performers with sales under US$1 billion. It also received "Singapore 1000 Company" Certificates of Achievement from DP Information Group for many years.

Listed on the Singapore Exchange since 26 July 2002, OKP's market capitalisation was $89.4 million (2015: $67.9 million) while net tangible assets amounted to $112.7 million (2015: $102.9 million] as at 31 December 2016.

OKP completed one of the oil and gas-related infrastructure projects for a petroleum plant on Jurong Island.

OUR MILESTONES

2016

- Won the Best Annual Report Award (Gold) in the “Companies with less than $300 million market capitalisation” category at Singapore Corporate Awards 2016.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd celebrated its 50th anniversary since it was founded as a sole proprietorship in 1966.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd was upgraded to an A1 grade civil engineering contractor under the Contractors registry regulated by the Building and Construction Authority (BCA), allowing it to tender for public sector construction projects of unlimited value.
- LakeLife executive condominium at Yuan Ching/ Tao Ching Road in Singapore obtained its Temporary Occupation Permit on 30 December 2016.

OKP management at the Singapore Corporate Awards 2016 where it won the Best Annual Report (Gold) in the “Companies with less than $300 million market capitalisation” category.

2015

- Wholly-owned subsidiary corporation OKP (Oil & Gas) Infrastructure Pte. Ltd. had been granted a licence to operate a representative foreign construction service company to explore business opportunities in the building and construction industry in Jakarta, Indonesia.
- Won two awards - Runner-up in the Most Transparent Company Award for Construction and Materials; and Mainboard Small Caps at the Securities Investors Association (Singapore) 16th Investors’ Choice Awards 2015. This is fourth consecutive year for OKP to have clinched an accolade in the Most Transparent Company Award category.
- Won the Best Investor Relations Award (Gold) in the “Companies with less than $300 million market capitalisation” category at Singapore Corporate Awards 2015.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner for 2015 Public Utilities Board Safety Achievement Award (Construction).

Our Executive Director, Mr Oh Enc Nam (right) receiving a trophy from PUB CEO Mr Ng Joo Hee (left) as the winner of the 2015 PUB Safety Achievement Award (Construction).

2014

- Won two awards – Merit for the Singapore Corporate Governance Award under Mainboard Small Caps category; and runner-up for the Most Transparent Company Award in the Constructions & Materials category – at Securities Investors Association (Singapore) 15th Investors' Choice Awards 2014.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd has invested in an associated company, United Singapore Builders Pte. Ltd., with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd and Swee Hong Limited to participate in Mass Rapid Transit (MRT) tenders and undertake MRT projects if awarded.

Our Group Managing Director, Mr Or Toh Wat (second from right) receiving the Merit Award for the Singapore Corporate Governance Award 2014, Mainboard Small Caps Category from Mr Lawrence Wong (second from left), Minister for Culture, Community and Youth & Second Minister for Ministry of Communications and Information, at the 15th Securities Investors Association (Singapore) Investors' Choice Awards 2014.

Our Group Managing Director, Mr Or Toh Wat (centre) receiving the Runner-up award for the Most Transparent Company Award 2014 in the Constructions & Materials category from Mrs Lim Hwee Hua, Honorary Chairman of Securities Investors Association (Singapore) (SIAS) at SIAS 15th Investors' Choice Awards 2014.

2013

- Wholly-owned subsidiary corporation OKP Land Pte. Ltd. has formed a joint venture company, Lakehomes Pte. Ltd., with BBR Development Pte. Ltd., Evia Real Estate (5) Pte. Ltd., CNH Investment Pte. Ltd. and Ho Lee Group Pte Ltd to develop an executive condominium, LakeLife at Yuan Ching Road/Tao Ching Road in Singapore.
- Won three awards in the "Companies with less than $300 million in market capitalisation" category at Singapore Corporate Awards 2013 – Best Annual Report (Gold), Best Managed Board (Silver) and Best Investor Relations (Bronze).
- Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 14th Investors' Choice Awards 2013.
- Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence.

OKP co-developed LakeLife, an executive condominium project at Yuan Ching Road/Tao Ching Road, which has been launched.

OUR MILESTONES

2012

- A subsidiary corporation, OKP Land Pte Ltd. took a 10.0 per cent stake in CS Amber Development Pte. Ltd., a subsidiary corporation of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd. This property development company was involved in an en bloc purchase of a condominium block at 8 Amber Road, Singapore 439852 and plans to re-develop it into a premium condominium project.
- Won three awards in the "Companies with less than $300 million in market capitalisation" category at Singapore Corporate Awards 2012 – Best Chief Financial Officer (Ms Ong Wei Wei), Best Managed Board (Bronze) and Best Investor Relations (Bronze).
- Winner of the Most Transparent Company Award under Mainboard Small Caps category at Securities Investors Association (Singapore) 13th Investors' Choice Awards 2012.
- Eng Lam Contractors Co. (Pte) Ltd was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence.

2011

- Incorporated a wholly-owned subsidiary corporation, OKP Land Pte. Ltd., with an issued and paid-up share capital of $500,000, comprising 500,000 ordinary shares. The principal business activities of OKP Land Pte. Ltd. are investment holding and property development.
- Wholly-owned subsidiary corporation, Or Kim Peow Contractors (Pte) Ltd was assessed by the BCA and found eligible to participate in the Construction Engineering Capability Development Programme. This programme aims to nurture BCA registered general builders to undertake complex projects to build up their construction engineering capability by offering financial incentives.

Our Executive Director, Mr Or Lay Huat Daniel (centre), receiving the Best Investor Relations Award (Bronze) award, which OKP won at the Singapore Corporate Awards 2012 with Mr David Lim, Chief Executive Officer Singapore, Bank Julius Baer (left) and Professor Mak Yuan Teen, NUS Business School (right). Photo courtesy of John Heng.

Our Group Managing Director, Mr Or Toh Wat (centre) receiving Most Transparent Company Award under Mainboard Small Caps Category from Mr Chew Choon Seng, Chairman of Singapore Exchange at the Securities Investors Association (Singapore) 13th Investors' Choice 2012 Award ceremony.

2010

- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd, a wholly-owned subsidiary corporation of property developer Soilbuild Construction Group Ltd, a well-respected property developer in Singapore. New joint venture company, Forte Builder Pte. Ltd., secured a $83.5 million contract from Angullia Development Pte. Ltd. to undertake the construction of a luxury Angullia Park condominium in Orchard Road.
- Made Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the best 200 companies in the Asia Pacific region, which were selected from a list of nearly 13,000 publicly-listed top-performing companies with sales under US$1 billion, evaluated based on sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year.
- Received the Best Annual Report Award (Gold) in the "Companies with less than $300 million in market capitalisation" category at the Singapore Corporate Awards 2010.
- Or Kim Peow Contractors (Pte) Ltd purchased the property at 2A Sungei Kadut Drive Singapore 729554 for $3.55 million to provide for future expansion plans of the company.

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

2009

- Secured our largest public sector project to date – $119.3 million contract from the LTA to widen the stretch of CTE from PIE to Braddell Interchange.
- Allotted and issued 15 million new ordinary shares at the price of $0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary corporation of China Sonangol International Limited.
- Won two awards at the Singapore Corporate Awards 2009, namely Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) in the "Companies with less than $300 million in market capitalisation" category.
- Secured our maiden contract from the Urban Redevelopment Authority – a $3.4 million deal for environmental improvement works.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2009.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was upgraded to an A2 grade civil engineering contractor under the BCA Contractors' registry, which allows it to tender for public sector construction projects with contract values of up to $85.0 million each.
- Wholly-owned subsidiary corporation OKP Technical Management Pte. Ltd. entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd. to further grow the business overseas.
- Distributed bonus issue of 82,430,468 new shares on the basis of one new OKP share for every two existing shares held and a rights issue of warrants on the basis of one warrant for every four existing ordinary shares held by entitled shareholders. Each warrant was issued at a consideration of 1.0 cent, with an exercise price of 20.0 cents and an exercise period of three years.
- OKP Holdings Limited acquired the property at 30 Tagore Lane Singapore 787484 for $2.05 million to provide for future expansion plans of the company.

OKP's largest public sector project to date involved the widening of the CTE from PIE to Braddell Interchange.

OUR MILESTONES

2007

- Issued and allotted 13.6 million new ordinary shares for cash at $0.16821 each pursuant to a placement exercise.
- Incorporated a 55.0 per cent joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, to carry out civil engineering projects in respect of oil, petrochemical and gas-related businesses in Singapore. It secured a total of three projects on Jurong Island worth a total of $11.1 million.
- Secured a $44.0 million civil engineering project relating to ExxonMobil's multi-billion dollar Second Petrochemical Complex from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.
- Secured two awards totalling $8.6 million from the LTA to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race slated for September 2008.
- Received the Contractor of the Month Award for October and November 2007 from Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

OKP modified and resurfaced part of the Formula One race circuit around the Marina Bay area in the city centre in preparation for the F1 race.

2008

- OKP was the Silver Winner for Best Investor Relations Award – Small Market Capitalisation category, at the Singapore Corporate Awards 2008.
- Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd was upgraded to an A1 grade civil engineering contractor under the Contractors registry regulated by the Building and Construction Authority (BCA), allowing it to tender for public sector construction projects of unlimited value.
- Upgraded our listing from the Catalist (formerly Sesdaq) to the SGX Mainboard with effect from 25 July 2008.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2008 in recognition of its support and contribution to Total Defence.
- Successfully completed two projects from the LTA to widen and re-surface roads with special-mix asphalt for the prestigious Formula One race which took place in September 2008.
- Successfully completed our first and largest oil and gas-related project, which is related to the $750.0 million Universal Terminal, a massive petroleum storage facility.

OKP completed its first and largest oil and gas-related project on Jurong Island.

2006

- Awarded our first overseas project worth approximately $14.3 million in Rota (Island) becoming one of the first few Singaporean companies to do business in the CNMI.
- Entered into the oil and gas industry with our first and largest project worth approximately $50.0 million.
- Became one of the first civil contractors appointed by Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd to carry out civil works in Jurong Island, and also received the Contractor of the Month Award for July 2006 from both companies.
- Won the Best Annual Report Award (Gold) for Sesdaq company at the Inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure.
- Incorporated a 55.0 per cent-owned subsidiary corporation, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia.
- Wholly-owned subsidiary Eng Lam Contractors Co. (Pte) Ltd was the winner of the Housing & Development Board Safety Award 2006 for the construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6).
- Secured our first project with the National Parks Board.

2005

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

2004

- Ranked the second runner-up at 30th Annual Report Awards in the Sesdaq-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Association (Singapore), Singapore Institute of Management, Singapore Institute of Directors, Singapore Exchange Limited and The Business Times.
- Successfully completed our first construction-related high-rise building project.

2003

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

OKP's construction-related high-rise building project called Dunman View condominium.

2002

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

OKP's first design and build project at Bukit Timah Expressway.

OUR AWARDS AND ACCOLADES

COMPANY RANKING

2012

Received the Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies - 2012" category.

2011

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies - 2011" category.

2010

Made Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the best 200 companies in the Asia Pacific region, which were selected from a list of nearly 13,000 publicly-listed top performers with sales under US$1 billion, evaluated based on factors such as sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year.

Received Certificate of Achievement from DP Information Group, on entering into the "Singapore 1000 Company" list under the "Public Listed Companies - 2010" category.

2009

OKP Holdings Limited and wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd were awarded the Certificate of Achievement by DP Information Group for making the 22nd "Singapore 1000 & SME 500" rankings.

2008

Received Certificate of Achievement from DP Information Group for making the "Singapore 1000 Company" list under the "Public Listed Companies - 2008" category.

2007

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list

under the "Public Listed Companies - 2007" category.

INVESTOR RELATIONS/ TRANSPARENCY

2016

Won the Best Annual Report Award (Gold) in the "Companies with less than $300 million market capitalisation" category at Singapore Corporate Awards 2016.

2015

Won two awards - Runner-up in the Most Transparent Company Award for Construction and Materials; and Mainboard Small Caps at the Securities Investors Association (Singapore) 16th Investors' Choice Awards 2015.

Won the Best Investor Relations Award (Gold) in the "Companies with less than $300 million market capitalisation" category at Singapore Corporate Awards 2015.

2014

Won two awards - Merit for the Singapore Corporate Governance Award under Mainboard Small Caps Category; and runner-up for the Most Transparent Company Award in the Constructions & Materials Category at Securities Investors Association (Singapore) 15th Investors' Choice Awards 2014.

2013

Won three awards in the "Companies with less than $300 million in market capitalisation" category at Singapore Corporate Awards 2013 - Best Annual Report (Gold), Best Managed Board (Silver) and Best Investor Relations (Bronze).

Winner of the Most Transparent Company Award under Mainboard Small Caps Category at Securities Investors Association (Singapore) 14th Investors' Choice Awards.

2012

Won three awards in the "Companies with less than $300 million in market capitalisation" category at Singapore Corporate Awards 2012 - Best Chief Financial Officer (Ms Ong Wei Wei), Best Managed Board (Bronze) and Best Investor Relations (Bronze).

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

2010

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

2009

Won two awards at the Singapore Corporate Awards 2009, namely Best Investor Relations Award (Gold) and Best Annual Report Award (Silver) in the "Companies with less than $300 million in market capitalisation" category.

2008

OKP was the Silver Winner for Best Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008.

2006

Won Best Annual Report Award (Gold) for Sesdaq company at the Inaugural Singapore Corporate Awards 2006 for excellent standards of corporate disclosure.

2004

Ranked second runner-up at 30th Annual Report Awards in the Sesdaq-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Directors, Singapore Exchange limited and The Business Times.

SAFETY/ENVIRONMENT

2016

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Safety Recognition Award from Changi Airport Group for its commitment in achieving Zero Safety Infringement for works at Seletar Airport.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the Land Transport Authority (LTA) at its Annual Safety Award 2016 for "Category 2 (Civil contracts not exceeding $120 million) for companies that have achieved above 400,000 accident-free man-hours worked for Contract ER458.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2016 for the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER458.

Wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd have been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Excellent) Award.

2015

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2015 for "Category 2 (Civil contracts not exceeding $120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER391.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2015 for the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER391.

Wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd have been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Merit) Award.

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner of 2015 Public Utilities Board Safety Achievement Award (Construction).

2014

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2014 for "Category 2 (Civil contracts not exceeding $120 million)" for companies

that have achieved more than 250,000 accident-free man-hours for Contract ER368.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2014 for "Category 2 (Civil contracts not exceeding $120 million)" for companies that have achieved more than 250,000 accident-free man-hours for ER391.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Participation from the LTA at its Annual Safety Award 2014 for the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER368.

2013

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in the "Category 2 (Civil contracts not exceeding $120 million with more than 250,000 accident-free man- hours)" for Contract ER368.

Or Kim Peow Contractors (Pte) Ltd OKPC received a Certificate of Recognition from the LTA at its Annual Safety Award 2013. The award is in the "Category 2 (Civil contracts not

OUR AWARDS AND ACCOLADES

exceeding $120 million with more than 250,000 accident-free man-hours)" for Contract ER391.

Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Construction Environmental Award 2013. The award is in the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER201.

2012

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Annual Safety Award 2012. The award is in the "Major Category (Civil contracts between $20 million and $50 million)" for Contract ER368.

Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2012. The award is in the "Category 2 (Civil contracts not exceeding $120 million with more than 250,000 accident-free man-hours)" for Contract ER368.

Or Kim Peow Contractors (Pte) Ltd has been conferred the BCA Green and Gracious Builder (Excellent) Award.

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd has been conferred the BCA Green and Gracious Builder (Merit) Award.

2011

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Recognition from the LTA at its Annual Safety Award 2011 for the "Category 2 (Civil contracts less than $120 million)" for companies that have achieved more than 250,000 accident-free man-hours for Contract ER288.

2010

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Excellence from the LTA at its Annual Safety Award 2010. The award in the "Major Category (Civil contracts between $20 million and $50 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER194.

2009

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Excellence by the LTA at its Annual Safety Award 2009. The award in the "Minor Category (Civil contracts less than $20 million)" was in recognition of the company's outstanding performance in occupational safety and health management for Contract ER213.

2006

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was the winner of the Housing & Development Board Safety Award 2006 for construction of roads at Yishun Street 31 (between Yishun Ring Road and Yishun Avenue 6).

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received a Certificate of Merit from the LTA at its Annual Safety Award 2006 for the "Major Category" for Contract PE100.

DEFENCE

2016

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.

2013

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence.

2012

Wholly-owned subsidiary corporation Eng Lam Contractors Co. (Pte) Ltd was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence.

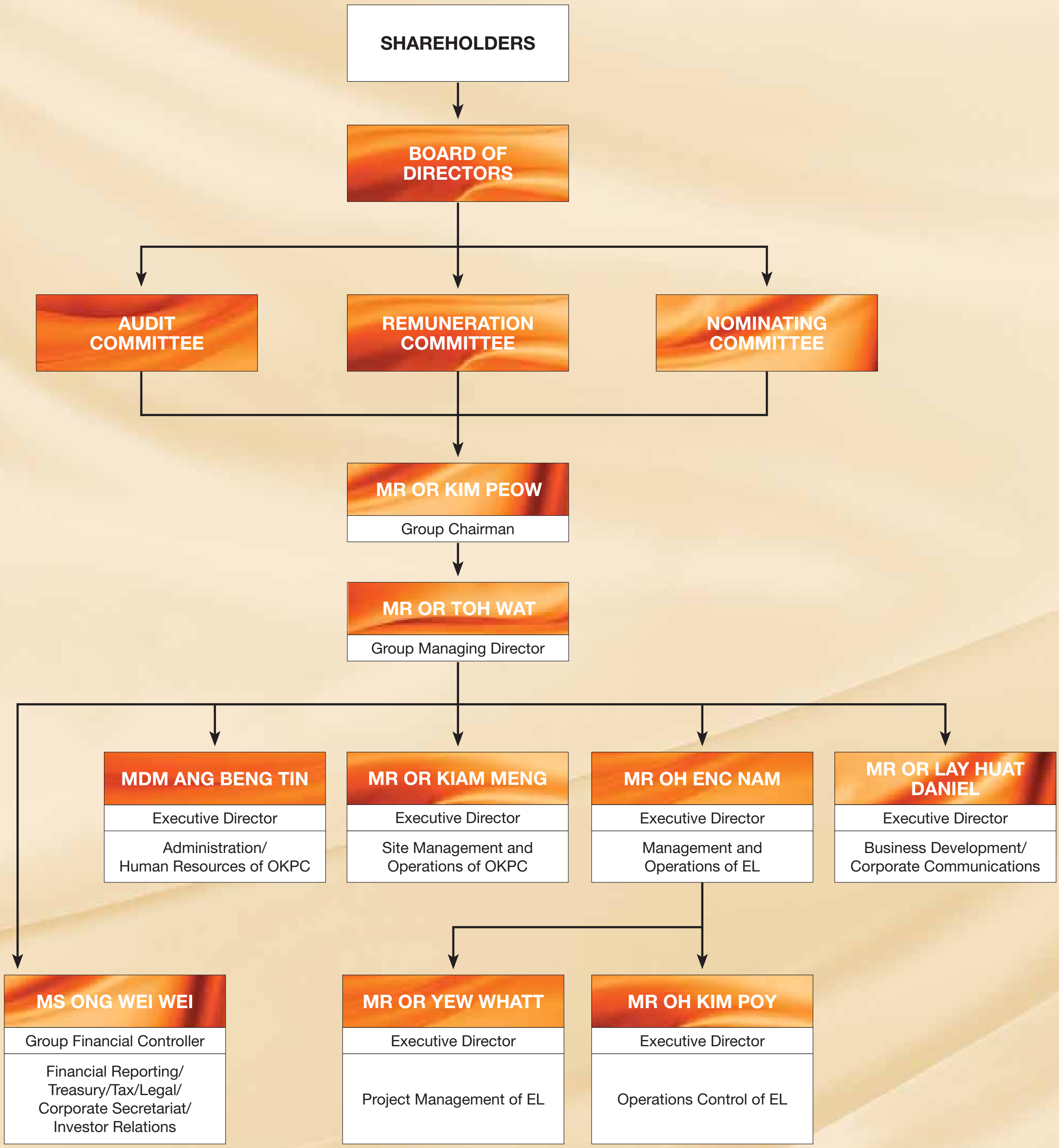
2009

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

2008

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

OUR ORGANISATION CHART



OKPC : Or Kim Peow Contractors (Pte) Ltd
EL: Eng Lam Contractors Co. (Pte) Ltd

OUR BOARD OF DIRECTORS

MR OR KIM PEOW, BBM
GROUP CHAIRMAN

Date of first appointment as a director:
15 February 2002
Date of last re-appointment as director:
18 April 2016

Mr Or Kim Peow, BBM, is the founder of the Group. With more than 57 years of experience in the infrastructure and civil engineering business, he is responsible for overseeing the overall management and strategic development of the Group. Mr Or founded the Group 50 years ago and was instrumental in growing and steering it through major changes in its history. He continues to be active, playing an advisory role in the Group's strategic development and planning.

Mr Or is also actively involved in community activities and in recognition of his contributions, he was awarded the Public Service Award (PBM) in 2003 and the Public Service Award (BBM) in 2014. He is currently the Patron of Potong Pasir Citizens' Consultative Committee and a Fellow of the Singapore Institute of Directors.

Present directorships in other listed companies:
Nil
Past directorships held over the preceding three years:
Nil

MR OR TOH WAT, BBM
GROUP MANAGING DIRECTOR

Date of first appointment as a director:
15 February 2002
Date of last re-appointment as director:
Not Applicable

Mr Or Toh Wat, BBM, has more than 25 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

Actively involved in community activities and in recognition of his contributions, Mr Or was awarded the Public Service Award (PBM) in 2005 and the Public Service Award (BBM) in 2013. He is currently the Chairman of Potong Pasir Community Club Management Committee.

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

He is the son of Mr Or Kim Peow, who is the Group Chairman.

Present directorships in other listed companies:
Nil
Past directorships held over the preceding three years:
Nil

MDM ANG BENG TIN
EXECUTIVE DIRECTOR

Date of first appointment as a director:
20 March 2002
Date of last re-appointment as director:
27 April 2015

Joining the Group in 1979, Mdm Ang Beng Tin has more than 42 years of experience in administration and human resources. She is responsible for managing employee relations, benefit programmes and insurance claims at Or Kim Peow Contractors (Pte) Ltd, one of the Group's principal subsidiary corporations.

Mdm Ang holds GCE 'O' level qualifications.

She is the wife of Mr Or Kim Peow, who is the Group Chairman.

Present directorships in other listed companies:
Nil
Past directorships held over the preceding three years:
Nil

MR OR KIAM MENG
EXECUTIVE DIRECTOR

Date of first appointment as a director:
20 March 2002

Date of last re-appointment as director:
28 April 2014

Joining the Group in 1985, Mr Or Kiam Meng has more than 31 years of experience in the construction industry. He oversees the daily site management and operations of Or Kim Peow Contractors (Pte) ltd, one of the Group's principal subsidiary corporations.

Mr Or is currently the Patron of Anchorvale Community Centre Management Committee. He holds a Diploma in Building and a Certificate in Occupational Safety & Health from Singapore Polytechnic.

He is the son of Mr Or Kim Peow, who is the Group Chairman.

Present directorships in other listed companies: Nil

Past directorships held over the preceding three years: Nil

MR OH ENC NAM
EXECUTIVE DIRECTOR

Date of first appointment as a director:
20 March 2002

Date of last re-appointment as director:
18 April 2016

Joining the Group in 1978, Mr Oh Enc Nam has more than 37 years of experience in the construction industry. He is responsible for the day-to-day management and overall operations of Eng Lam Contractors Co. (Pte) ltd, one of the Group's principal subsidiary corporations.

Mr Oh holds GCE 'A' level qualifications.

He is the nephew of Mr Or Kim Peow, who is the Group Chairman.

Present directorships in other listed companies: Nil

Past directorships held over the preceding three years: Nil

MR OR LAY HUAT DANIEL, PBM
EXECUTIVE DIRECTOR

Date of first appointment as a director:
1 August 2006

Date of last re-appointment as director:
18 April 2016

Mr Or Lay Huat Daniel, PBM, is currently responsible for business development and corporate communications of the Group. Actively involved in community activities and in recognition of his contributions, he was awarded the Public Service Award (PBM) in 2014. Currently, he is a member of Tampines Group Representation Constituency (GRC) and the First Vice Chairman of Tampines West Citizen Consultative Committee. He is also a member and serves as Treasurer of the School Advisory Committee (SAC) of East View Primary School. He is also a member of the Singapore Institute of Directors.

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

He is the son of Mr Or Kim Peow, who is the Group Chairman.

Present directorships in other listed companies: Nil

Past directorships held over the preceding three years: Nil

OUR BOARD OF DIRECTORS

DR CHEN SEOW PHUN, JOHN
LEAD INDEPENDENT DIRECTOR
CHAIRMAN, AUDIT COMMITTEE
MEMBER, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Date of first appointment as a director:
25 June 2002

Date of appointment as the lead independent director:
1 August 2006

Date of last re-appointment as director:
28 April 2014

Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon Holdings Limited (previously known as Thai Village Holdings Limited) and the Chairman of SAC Capital Private limited. He also sits on the boards of a number of publicly listed companies.

He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, Dr Chen was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications and Information Technology and Minister of State for National Development. He has served as a Board Member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd. He is a Fellow of the Singapore Institute of Directors.

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

Present directorships in other listed companies: Fu Yu Corporation Ltd; Hanwell Holdings Ltd (previously known as PSC Corporation Ltd); Hiap Seng Engineering Ltd; HLH Group Limited (previously known as PDC Corp Ltd); Matex International Limited; Pavillon Holdings Ltd (previously known as Thai Village Holdings Ltd) and Tat Seng Packaging Group Ltd

Past directorships held over the preceding three years: Nil

MR NIRUMALAN S/O V KANAPATHI PILLAI
INDEPENDENT DIRECTOR
CHAIRMAN, REMUNERATION COMMITTEE
MEMBER, AUDIT COMMITTEE AND NOMINATING COMMITTEE

Date of first appointment as a director:
1 June 2005

Date of last re-appointment as director:
27 April 2015

Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of Niru & Co LLC. Niru & Co LLC is a corporate law firm representing leading global banking and financial institutions, major international companies including Fortune 500 companies, private equity groups, venture capitalists and global asset management companies. In the late 1990s, Niru & Co was associated with CMS Cameron McKenna, a top-tier law firm with headquarters in London. Mr Niru has been in legal practice for more than 30 years, specialising in insurance, reinsurance, shipping, libel and slander, corporate, commercial and civil litigation. He qualified as a Barrister-at-law (England and Wales) and was admitted to the Honourable Society of the Inner Temple in 1976. He has been practising as an Advocate and Solicitor of the Supreme Court of Singapore since 1978 and was admitted as a Barrister and Solicitor of the Supreme Court of Victoria, Australia, in 1990.

Mr Niru holds a LLM from the University of Melbourne, Australia and a LLM (with Distinction) from the Nottingham Trent university, United Kingdom. He is also a Fellow of the Chartered Institute of Arbitrators, United Kingdom and the Singapore Institute of Arbitrators. Until 2008, he was also an Adjunct Associate Professor in the Faculty of Engineering, National University of Singapore.

Present directorships in other listed companies: Nil

Past directorships held over the preceding three years: Nil

MR TAN BOEN ENG
INDEPENDENT DIRECTOR
CHAIRMAN, NOMINATING COMMITTEE
MEMBER, AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Date of first appointment as a director:
25 June 2002

Date of last re-appointment as director:
18 April 2016

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

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

Present directorships in other listed companies: Nil

Past directorships held over the preceding three years:
TEE International Limited

OUR KEY MANAGEMENT

MS ONG WEI WEI
GROUP FINANCIAL CONTROLLER
OKP HOLDINGS LIMITED

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

She is a Fellow of the Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants (United Kingdom). She is also a member of the Institute of Internal Auditors, Inc. (Singapore Chapter) and an associate member of the Singapore Institute of Directors.

Ms Ong was conferred the Best Chief Financial Officer Award at the Singapore Corporate Awards 2012 under the category for companies with less than $300 million in market capitalisation.

MR OR YEW WHATT
EXECUTIVE DIRECTOR
ENG LAM CONTRACTORS CO. (PTE) LTD

Mr Or Yew Whatt joined the Group in 1989. He is currently the Project Director of Eng Lam Contractors Co. (Pte) Ltd, one of the Group's principal subsidiary corporations. He is responsible for the supervision of projects and resolving of site issues and is involved in the project tender process. He has more than 26 years of experience in the construction industry.

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

Mr Or is the nephew of Mr Or Kim Peow, who is the Group Chairman. He is the brother of Mr Oh Enc Nam, who is the Executive Director.

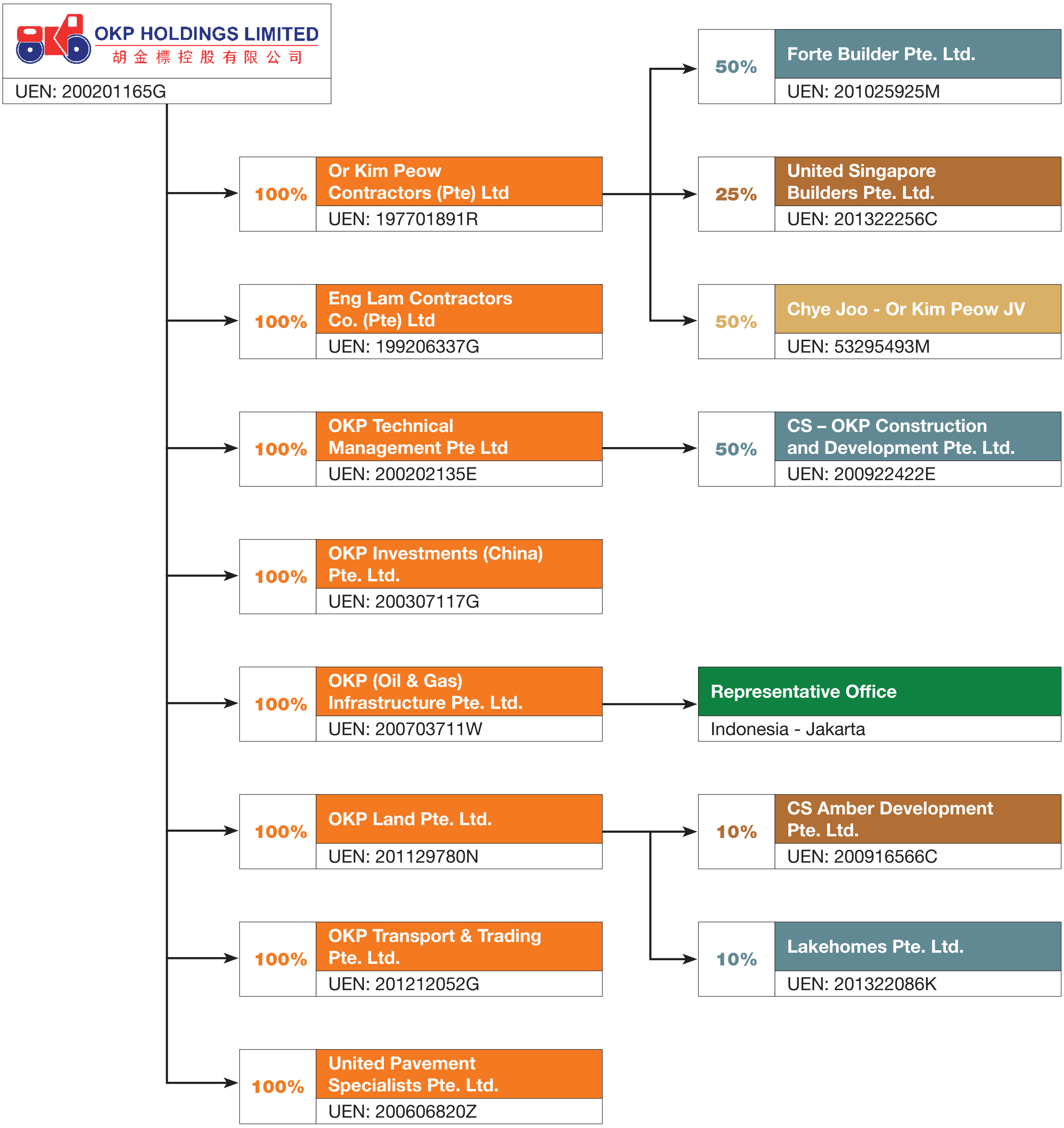
MR OH KIM POY
EXECUTIVE DIRECTOR
ENG LAM CONTRACTORS CO. (PTE) LTD

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

Mr Oh has more than 42 years of experience in the construction industry.

He is the brother of Mr Or Kim Peow, who is the Group Chairman.

OUR GROUP STRUCTURE



- Subsidiary Corporations
- Incorporated Joint Ventures
- Associated Companies
- Unincorporated Joint Ventures

OUR CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Chairman
Mr Or Kim Peow

Group Managing Director
Mr Or Toh Wat

Executive Directors
Mdm Ang Beng Tin
Mr Or Kiam Meng
Mr Oh Enc Nam
Mr Or Lay Huat Daniel

Lead Independent Director
Dr Chen Seow Phun, John

Independent Directors
Mr Nirumalan s/o V Kanapathi Pillai
Mr Tan Boen Eng

AUDIT COMMITTEE

Chairman
Dr Chen Seow Phun, John

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

NOMINATING COMMITTEE

Chairman
Mr Tan Boen Eng

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

REMUNERATION COMMITTEE

Chairman
Mr Nirumalan s/o V Kanapathi Pillai

Members
Dr Chen Seow Phun, John
Mr Tan Boen Eng

COMPANY SECRETARY

Mr Vincent Lim Bock Hui
LL.B (Hons)

REGISTERED OFFICE

UEN: 200201165G
30 Tagore Lane
Singapore 787484
T: (65) 6456 7667
F: (65) 6459 4316
W: www.okph.com

DATE OF INCORPORATION

15 February 2002

SHARE REGISTRAR

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

SHARE LISTING

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

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
T: (65) 6534 5700
F: (65) 6534 5766

Director-in-charge
Mr Low See Lien

Financial year appointed
31 December 2013

INTERNAL AUDITOR

HLS Risk Advisory Services Pte Ltd
15 Hoe Chiang Road
#12-02 Tower Fifteen
Singapore 089316
T: (65) 6423 9969
F: (65) 6423 9979

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#06-00 OCBC Centre East
Singapore 049514
T: (65) 6530 8356
F: (65) 6532 2359

Malayan Banking Berhad
2 Battery Road
#16-01
Maybank Tower
Singapore 049907
T: (65) 6550 7202
F: (65) 6535 6155

DBS Bank Ltd
12 Marina Boulevard
#43-03 DBS Asia Central @ MBFC Tower 3
Singapore 018982
T: (65) 6878 8704
F: (65) 6534 4080

United Overseas Bank Limited
80 Raffles Place
#11-00 UOB Plaza 1
Singapore 048624
T: (65) 6539 2786
F: (65) 6438 1712

INVESTOR RELATIONS

For enquiries, please contact the Investor Relations Department at:

T: (65) 6456 7667
F: (65) 6459 4316
E: okpir@okph.com

SUSTAINABILITY

For enquiries, please contact the CSR Department at:

T: (65) 6456 7667
F: (65) 6459 4316
E: okp-csr@okph.com

STOCK DATA

Stock Code
Bloomberg: OKP SP EQUITY
Reuters: OKPH.SI
SGX: 5CF

ISIN Code
SG1M55904841

SGX Sector Classification
Construction

CREATING BRIGHTER FUTURE **FORMING** SOLID PARTNERSHIPS

We work towards a brighter tomorrow by forming collaborative and solid relationships with our customers and business partners, thus building enduring and effective partnerships.

OUR OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

BUSINESS SEGMENTAL BREAKDOWN

I. CONSTRUCTION

Completed Construction Projects
During the year under review, there was one completed construction project, which was secured in October 2015 and completed in June 2016. The construction segment continued to be the major contributor to our Group's total revenue, contributing 81.5 per cent or $90.5 million in 2016.

List of Completed Construction Projects

No	Description of completed construction projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1.	Extension of road, drain and sewer works at Woodlands Avenue 4 (JTC C08502015)	JTC Corporation	October 2015	June 2016	12,727,000

Ongoing Construction Projects
During the year, we secured one construction project. In July 2016, we won a contract for the proposed infrastructure works at Punggol (Phase 1) from JTC Corporation.

In 2016, we continued the execution of several ongoing construction projects, which had been secured since April 2014.

List of Ongoing Construction Projects

No	Description of ongoing construction projects	Customer	Date of Commencement	Estimated Date of Completion	Contract Value ($)
1.	Widening of Tanah Merah Coast Road (ER458)	Land Transport Authority	April 2014	May 2017	37,270,000
2.	Construction of Stamford diversion canal Contract 1 – Tanglin and Kim Seng (1140278)	Public Utilities Board	June 2014	December 2017	50,627,000
3.	Walk2Ride Programme (ER442)	Land Transport Authority	February 2015	December 2018	60,963,500
4.	Walk2Ride Programme (ER443)	Land Transport Authority	February 2015	February 2019	82,963,500
5.	Construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14 (JTC C00302015)	JTC Corporation	April 2015	January 2017	20,377,000
6.	Construction of viaduct from TPE to PIE (Westbound) and Upper Changi Road East (ER449A)	Land Transport Authority	November 2015	November 2019	94,627,000
7.	Proposed infrastructure works at Punggol (Phase 1) (JTC C160071T00)	JTC Corporation	July 2016	October 2017	19,287,000

In addition to the above projects, a Public Utilities Board (PUB) contract for improvement to Bukit Timah first diversion canal contract 3 (Holland Green to Clementi Road) was awarded to a joint venture, Chye Joo - Or Kim Peow JV, in May 2015. The results of Chye Joo – Or Kim Peow JV are accounted for in the Group's consolidated financial statement using the equity method.

No	Description of ongoing construction project awarded to a joint venture	Customer	Date of Commencement	Estimated Date of Completion	Contract Value ($)
8.	Improvement to Bukit Timah first diversion canal contract 3 (Holland Green to Clementi Road (1150216)	Public Utilities Board	May 2015	May 2018	146,486,298

II. MAINTENANCE

Completed Maintenance Projects
We completed two maintenance projects during the year under review. These projects involved term contract ad hoc repairs and upgrading of roads, road-related facilities and road structure and improvements to roadside drains at Lorong 101-108 Changi Road/Langsat Road, Hillview Avenue and Thomson Road.

In addition to providing a steady and recurrent income stream for us, our maintenance segment is an important part of the services that we provide to our clients. This segment contributed $20.7 million, which constituted 18.5 per cent of our Group's total revenue in 2016.

List of Completed Maintenance Projects

No	Description of completed maintenance projects	Customer	Date of Commencement	Date of Completion	Contract Value ($)
1.	Term contract ad hoc repairs and upgrading of roads, road-related facilities and road structure (RP268C)	Land Transport Authority	July 2013	July 2015 (extended to 2016)	18,227,000
2.	Improvement to roadside drains at Lorong 101-108 Changi Road/ Langsat Road, Hillview Avenue, Thomson Road (1140206)	Public Utilities Board	April 2014	October 2016	19,227,000

Our inspection team at the tunnel boring machine (TBM) factory's acceptance test in Shanghai.


One of OKP's completed projects at Lorong 101-108 Changi Road/Langsat Road, Hillview Avenue, Thomson Road, Jalan Teliti and Balestier Road/Boon Teck Road areas.

OUR OPERATING AND FINANCIAL REVIEW

OKP started infrastructure works at Punggol (Phase 1) in 2016.

Ongoing Maintenance Projects
During the year under review, we won four new maintenance contracts. Two contracts are from the Public Utilities Board involving improvement to roadside drains at Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas and Lorong 22 to 22 Geylang areas.

The other two contracts are from the Land Transport Authority for road resurfacing works along PIE, AYE and other expressways, and along ECP, SLE, BKE, CTE and KPE.

Besides the new maintenance contracts, we are working on one ongoing maintenance project.

List of Ongoing Maintenance Projects

No	Description of ongoing maintenance projects	Customer	Date of Commencement	Estimated Date of Completion	Contract Value ($)
1.	Road-related facilities, road structures and road safety schemes in East Sector (TR212)	Land Transport Authority	May 2015	May 2017	19,727,000
2.	Improvement to roadside drains V Contract 2 (Penjuru, Jalan Sampurna, Pioneer Sector and Jalan Buroh areas (1160077)	Public Utilities Board	February 2016	August 2018	9,827,000
3.	Road resurfacing works along PIE, AYE and other expressways (TR221)	Land Transport Authority	June 2016	June 2018	27,853,500
4.	Planned road surfacing works along ECP, SLE, BKE, CTE and KPE (TR222)	Land Transport Authority	June 2016	June 2018	26,813,500
5.	Improvement to roadside drains V Contract C2 (Lorong 22 to 22 Geylang areas) (1160319)	Public Utilities Board	June 2016	December 2018	17,987,000

INCOME STATEMENT

	FY2016 $'000	FY2015 $'000	Change $'000	Change
Revenue				
- Construction	90,492	77,572	12,920	16.7%
- Maintenance	20,607	25,718	(5,111)	(19.9%)
Total revenue	**111,099**	**103,290**	**7,809**	**7.6%**
Cost of works	(89,180)	(89,522)	342	(0.4%)
Gross profit	**21,919**	**13,768**	**8,151**	**59.2%**
Gross profit margin	19.7%	13.3%		
Other income	2,472	2,800	(328)	(11.7%)
Expenses				
- Administrative	(10,842)	(9,028)	(1,814)	20.1%
- Finance	(72)	(62)	(10)	16.1%
- Share of results of associated companies and joint ventures (net of tax)	3,030	128	2,902	2267.2%
Profit before income tax	**16,507**	**7,606**	**8,901**	**117.0%**
Income tax expense	(2,169)	(602)	(1,567)	260.3%
Net profit	**14,338**	**7,004**	**7,334**	**104.7%**
Net profit margin	12.9%	6.8%		
Profit attributable to:				
Equity holders of the Company	14,338	7,005	7,333	104.7%
Non-controlling interests	-	(1)	1	n.m.
	14,338	**7,004**	**7,334**	**104.7%**

OKP is involved in the construction of the viaduct from TPE to PIE (Westbound) and Upper Changi Road East.

OKP is involved in the widening of Tanah Merah Coast Road.

OUR OPERATING AND FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Our Group reported a 7.6 per cent or $7.8 million increase in revenue to $111.1 million for FY2016 as compared to $103.3 million for FY2015. The increase was due mainly to a 16.7 per cent increase in revenue from the construction segment to $90.5 million, partially offset by a 19.9 per cent decrease in revenue from the maintenance segment to $20.6 million.

The increase in revenue from the construction segment was due mainly to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in FY2016.

The decrease in revenue from the maintenance segment was largely attributable to the substantial completion of some existing maintenance projects in FY2016.

The construction segment continued to be the major contributor to our Group's revenue. On a segmental basis, our core construction segment and maintenance segment accounted for 81.5 per cent (2015: 75.1 per cent) and 18.5 per cent (2015: 24.9 per cent) respectively of our Group's revenue for FY2016.

COST OF WORKS

Our cost of works marginally decreased by 0.4 per cent or $0.3 million from $89.5 million for FY2015 to $89.2 million for FY2016. The decrease in cost of works was due mainly to:

(a) the decrease in the cost of construction materials due to lesser utilisation of materials resulting from the change in construction designs coupled with the decreases in the prices of some raw materials; and

(b) the decrease in preliminary costs and overheads such as professional fees, depreciation of property, plant and machinery, hiring costs and transportation costs during FY2016. The professional fees related to the engagement of consultants to design the construction methods of our on-going projects. Hiring and transportation costs related to the rental of additional heavy equipment and machineries to support existing projects,

which were partially offset by:

(c) the increase in sub-contracting costs which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which were usually subcontracted to external parties. Due to the nature of works, our current projects required a large portion of specialised works during FY2016; and

(d) an increase in labour costs largely due to the write-back of over-accrued labour costs in FY2015 which did not recur in FY2016.

GROSS PROFIT AND GROSS PROFIT MARGIN

Consequently, our gross profit for FY2016 increased by 59.2 per cent or $8.1 million from $13.8 million for FY2015 to $21.9 million for FY2016.

Our gross profit margin increased from 13.3 per cent for FY2015 to 19.7 cent for FY2016.

The higher gross profit margin for FY2016 was largely attributable to the completion of a few maintenance projects which had commanded better gross profit and the recognition of variation orders for a construction project.

OTHER INCOME

Other income decreased by $0.3 million or 11.7 per cent from $2.8 million for FY2015 to $2.5 million for FY2016. The decrease was largely attributable to:

(a) a write-back of non-trade payables of $0.4 million during FY2015, which did not recur in FY2016. This write-back of non-trade payables was a one-time exercise, as a result of the acquisition of the remaining 45 per cent of the issued shares of a subsidiary corporation from the non-controlling shareholders;

(b) a fair value loss of $0.2 million arising from the revaluation of some of the investment properties in FY2016;

(c) a decrease of $0.2 million which was due mainly to the lower gain from foreign exchange resulting from the strengthening of the US dollar against the Singapore dollar; and

(d) decrease in sale of construction materials and equipment hiring income from the rental of equipment and machinery during FY2016,

which were partially offset by:

(e) an increase in a technical management consultancy fee of $0.4 million received in relation to a piling project in Jakarta, Indonesia during FY2016;

(f) an increase in interest income received of $0.3 million due to higher interest earned from higher bank deposits during FY2016; and

(g) an increase in government grants of $0.2 million which comprised wage credit payouts received from the Inland Revenue Authority of Singapore and incentives received from the Building and Construction Authority's Construction Engineering Capability Development Programme (CED Programme).

ADMINISTRATIVE EXPENSES

Administrative expenses increased by $1.8 million or 20.1 per cent from $9.0 million for FY2015 to $10.8 million for FY2016. The increase was largely attributable to (1) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for FY2016, and (2) an increase in staff costs due to salary adjustments during FY2016.

FINANCE EXPENSES

Finance expenses increased marginally by $10,000 due mainly to an increase in finance lease liabilities arising from additional plant and equipment acquired to support new projects during FY2016.

SHARE OF RESULTS OF ASSOCIATED COMPANIES AND JOINT VENTURES (NET OF TAX)

The Group	FY2016	FY2015
Share of profit of joint ventures[a]	2,707	48
Share of profit of associated companies[b]	323	80
	3,030	128

(a) Share of profit of joint ventures

The share of profit of joint ventures increased by $2.7 million due mainly to:

(i) the recognition of profit of $2.6 million from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover; and

(ii) the recognition of profit of $88,000 for a construction project undertaken by Chye Joo – Or Kim Peow JV during FY2016.

(b) Share of profit of associated companies

The $0.2 million increase in the share of profit of associated companies was due mainly to our associated company, United Singapore Builders Pte Ltd, recognising further profits for a construction project secured during FY2016.

PROFIT BEFORE INCOME TAX

Profit before income tax increased by $8.9 million or 117.0 per cent from $7.6 million for FY2015 to $16.5 million for FY2016. The increase was due mainly to (1) the increase in gross profit of $8.1 million and (2) the increase in the share of profit of associated companies and joint ventures of $2.9 million. The increase was partially offset by (1) the increase in administrative expenses of $1.8 million and (2) the decrease in other income of $0.3 million, as explained above.

INCOME TAX EXPENSE

Income tax expense increased by $1.6 million or 260.3 per cent from $0.6 million in FY2015 to $2.2 million in FY2016 due mainly to higher profit before income tax, as explained above.

The effective tax rates for FY2016 and FY2015 were 13.1 per cent and 7.9 per cent respectively.

The effective tax rate for FY2016 was lower than the statutory tax rate of 17.0 per cent, due mainly to (1) enhanced tax deductions under the Productivity and Innovation Credit Scheme, (2) statutory stepped income tax exemption and (3) a tax rebate of 50 per cent on the corporate tax payable.

Due to the utilisation of capital allowances carried forward from prior years, the effective tax rate of 7.9 per cent for FY2015 was lower than the statutory tax rate of 17.0 per cent.

NET PROFIT

Overall, our net profit increased by $7.3 million or 104.7 per cent, from $7.0 million for FY2015 to $14.3 million for FY2016, following the increase in profit before income tax of $8.9 million which was partially offset by the increase in income tax expense of $1.6 million, as explained above.

OKP build a high-covered linkway at Bangkit LRT in the Walk2Ride programme (ER442).

OKP is involved in the construction of roads, drains, sewers and soil improvement works at Tuas South Avenue 7/14.

OUR OPERATING AND FINANCIAL REVIEW

Our net profit margin increased from 6.8 per cent for FY2015 to 12.9 per cent for FY2016.

STATEMENT OF FINANCIAL POSITION

CURRENT ASSETS

Current assets increased by $23.0 million, from $83.4 million as at 31 December 2015 to $106.4 million as at 31 December 2016. The increase was attributable to:

(a) an increase in cash and cash equivalents of $20.0 million. This was due mainly to the cash generated from operations for the financial year ended 31 December 2016 ("FY2016") of $28.2 million, which was partially offset by cash used in investing activities of $2.0 million, cash used in payment of dividends to shareholders of $4.6 million, and repayment of finance lease liabilities and servicing of interest payments of $1.6 million; and

(b) an increase in trade and other receivables of $5.7 million following higher revenue recognised for FY2016 coupled with higher amount of deposits made to suppliers and advances made to subcontractors during FY2016,

which were partially offset by:

(c) a decrease in construction contract work-in-progress of $2.7 million due mainly to lower unbilled amounts expected to be collected from customers for contract work performed up till 31 December 2016 as compared to 31 December 2015.

NON-CURRENT ASSETS

Non-current assets increased by $3.4 million, from $54.4 million as at 31 December 2015 to $57.8 million as at 31 December 2016. The increase was attributable to:

(a) an increase in property, plant and equipment of $1.2 million resulting from the purchase of new plant and equipment, which was partially offset by the disposal and depreciation of property, plant and equipment;

(b) an increase in investments in joint ventures of $2.6 million due mainly to the share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from units of the development which are ready for handover, and

(c) an increase in investments in associated companies of $0.3 million arising from the share of profit of an associated company, United Singapore Builders Pte Ltd,

which were partially offset by:

(d) a decrease in other receivables of $0.5 million arising from an allowance for impairment of $0.8 million made in relation to a loan extended to an associated company, CS Amber Development Pte Ltd, which was partially offset by a notional fair value adjustment of $0.3 million of the remaining loan to a joint venture, Lakehomes Pte Ltd, during FY2016; and

(e) the fair value loss of $0.2 million arising from the revaluation of some of the investment properties in FY2016.

CURRENT LIABILITIES

Current liabilities increased by $16.0 million, from $30.8 million as at 31 December 2015 to $46.8 million as at 31 December 2016. The increase was due mainly to:

(a) an increase in trade and other payables of $14.4 million arising from (1) an advance of $2.0 million received from a customer for an on-going project and (2) billings received from sub-contractors and suppliers for work done and materials supplied towards the end of December 2016;

(b) an increase in current income tax liabilities of $1.4 million due to higher tax provision resulting from higher profits generated during FY2016; and

(c) an increase in finance lease liabilities of $0.2 million as a result of purchase of plant and machinery to support new projects during FY2016.

NON-CURRENT LIABILITIES

Non-current liabilities increased by $0.7 million, from $2.3 million as at 31 December 2015 to $3.0 million as at 31 December 2016. The increase was due mainly to:

(a) an increase in finance lease liabilities of $0.4 million as a result of purchase of plant and machinery to support new projects during FY2016; and

(b) an increase in deferred tax liabilities of $0.3 million which arose from deductible temporary differences between the carrying value of assets and value of assets for tax purposes in FY2016.

SHAREHOLDERS' EQUITY

Shareholders' equity, comprising share capital, other reserves and retained profits, increased by $9.7 million, from $104.7 million as at 31 December 2015 to $114.4 million as at 31 December 2016. The increase was largely attributable to:

(a) the profit generated from operations of $14.3 million in FY2016,

which was partially offset by:

(b) the dividend payment to shareholders of $4.6 million during FY2016.

STATEMENT OF FINANCIAL POSITION

	FY2016 $'000	FY2015 $'000	Change $'000	Change
Current assets				
- Cash and cash equivalents	74,685	54,689	19,996	36.6%
- Trade and other receivables	30,202	24,454	5,748	23.5%
- Construction contract work-in-progress	1,502	4,238	(2,736)	(64.6%)
Non-current assets				
- Investments in joint ventures	5,604	2,988	2,616	87.6%
- Investments in associated companies	973	651	322	49.5%
- Investment properties	5,080	5,250	(170)	(3.2%)
- Other receivables	24,026	24,532	(506)	(2.1%)
- Financial asset, available-for-sale	1,015	990	25	2.5%
- Property, plant and equipment	19,417	18,206	1,211	6.7%
- Intangible assets	1,713	1,770	(57)	(3.2%)
Total assets	**164,217**	**137,768**	**26,449**	**19.2%**
Current liabilities				
- Trade and other payables	(43,740)	(29,314)	14,426	49.2%
- Finance lease liabilities	(1,120)	(950)	170	17.9%
- Current income tax liabilities	(1,953)	(549)	1,404	255.7%
Non-current liabilities				
- Finance lease liabilities	(2,028)	(1,637)	391	23.9%
- Deferred income tax liabilities	(952)	(631)	321	50.9%
Total liabilities	**(49,793)**	**(33,081)**	**16,712**	**50.5%**
Net assets	**114,424**	**104,687**	**9,737**	**9.3%**
Total shareholders' equity	**114,424**	**104,687**	**9,737**	**9.3%**

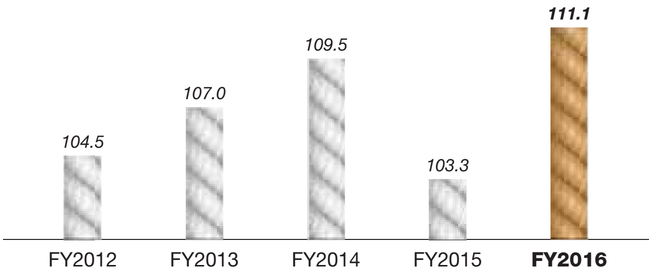

Road resurfacing works along PIE, AYE and other Expressways being carried out at night.


Road resurfacing works along ECP, SLE, BKE, CTE and KPE being carried out at night.

OUR OPERATING AND FINANCIAL REVIEW

REVENUE

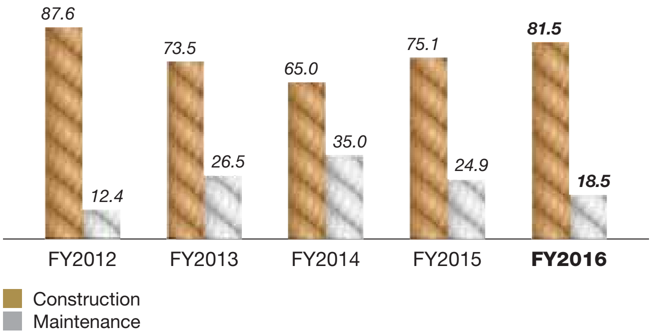
REVENUE
$'Million



Revenue in FY2016 increased by 7.6 per cent to $111.1 million compared to $103.3 million in FY2015.

The increase in revenue came mainly from the construction segment, being attributable to the higher percentage of revenue recognised from a number of existing construction projects as they progressed to a more active phase in FY2016. However, the substantial completion of some existing maintenance projects in FY2016 lead to a drop in revenue from the maintenance segment.

REVENUE BY BUSINESS SEGMENT
Per Cent

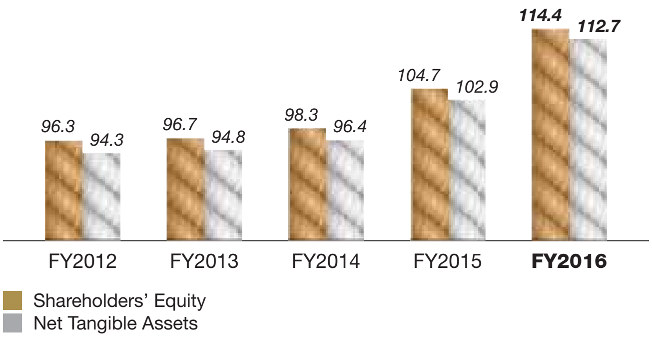


The construction segment continued to be the major contributor to our Group's revenue, contributing $90.5 million in FY2016, an increase of 16.7 per cent from FY2015's figure. Revenue from the maintenance segment dropped by 19.9 per cent to $20.6 million.

On a segmental basis, our construction segment accounted for 81.5 per cent of total revenue while the remaining 18.5 per cent came from the maintenance segment.

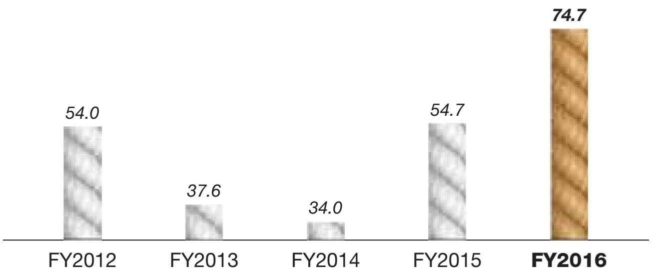
BALANCE SHEET

SHAREHOLDERS' EQUITY AND NET TANGIBLE ASSETS
$'Million



Shareholders' equity increased from $104.7 million in FY2015 to $114.4 million in FY2016 and net tangible assets increased from $102.9 million in FY2015 to $112.7 million in FY2016.

CASH AND CASH EQUIVALENTS
$'Million

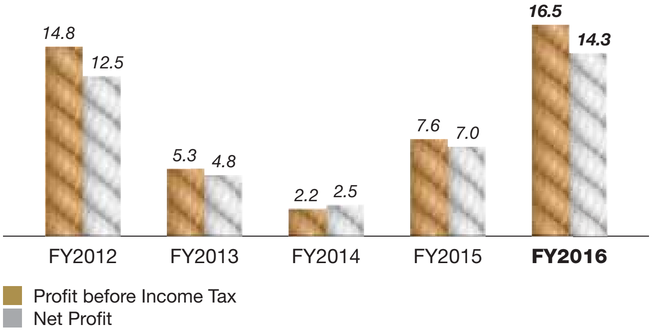


We continue to have a stable and healthy cash flow for FY2016. Our cash and cash equivalents increased from $54.7 million as at 31 December 2015 to $74.7 million as at 31 December 2016.

PROFITABILITY

PROFIT BEFORE INCOME TAX AND NET PROFIT

$'Million

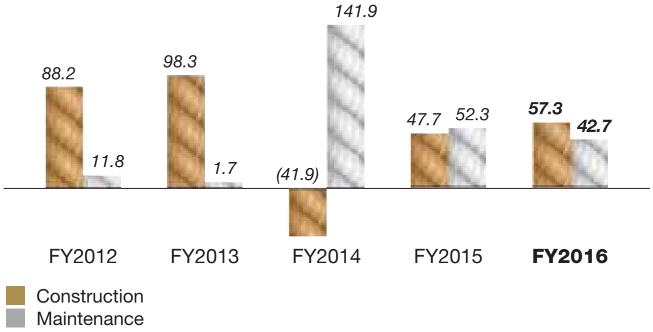


Profit before income tax increased by $8.9 million or 117.0 per cent from $7.6 million in FY2015 to $16.5 million in FY2016. The increase was due mainly to the increase in gross profit of $8.1 million and the increase in the share of profit of associated companies and joint ventures of $2.9 million. The increase was partially offset by the increase in administrative expenses of $1.8 million and the decrease in other income of $0.3 million.

Net profit increased by $7.3 million or 104.7 per cent from $7.0 million for FY2015 to $14.3 million for FY2016, following the increase in profit before income tax of $8.9 million. This increase was partially offset by the increase in income tax expense of $1.6 million.

PROFIT BY BUSINESS SEGMENT

Per Cent

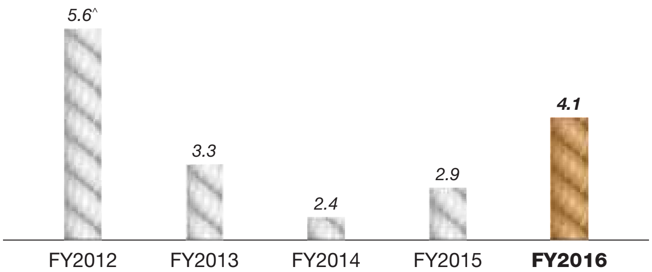


The improvement in the profit of the construction segment was due mainly to the recognition of variation orders for a construction project, coupled with cost savings in certain construction projects, which yielded higher gross profit margins during FY2016. These were mainly due to better project management such as proper site planning, detailed planning in the construction processes, effective site management and tighter cost control. The more effective cost control methods included minimising construction material wastage at site and employing effective methodologies in every stage of construction.

The profit of the maintenance segment was attributable to the higher contribution from a few maintenance projects which had commanded better gross profit coupled with our continuous stringent cost-saving efforts and better project management in both FY2016 and FY2015.

CAPITAL EXPENDITURE

$'Million

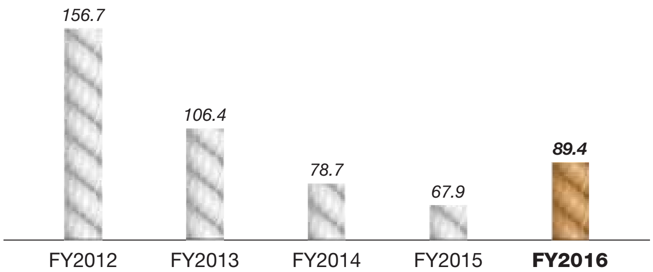


Capital expenditure for FY2016 was mainly for the purchase of new plant and equipment to support existing and newly-awarded projects.

^ Excluded building cost of $3.3 million and land cost of $2.1 million from "building under construction" in FY2012.

MARKET CAPITALISATION

$'Million

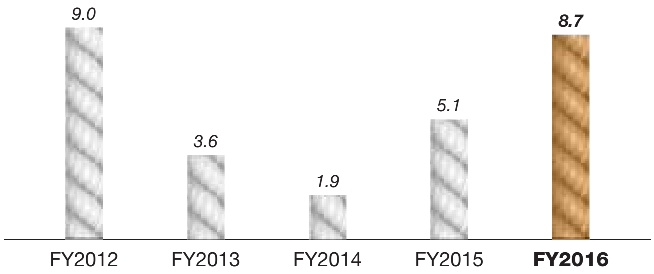


The Group's market capitalisation stood at $89.4 million as at 31 December 2016 compared to $67.9 million as at 31 December 2015.

OUR OPERATING AND FINANCIAL REVIEW

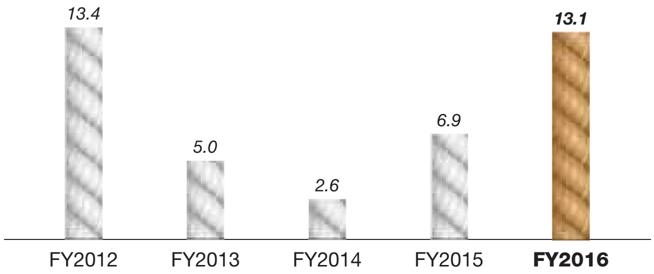
FINANCIAL RATIOS – PROFITABILITY

RETURN ON ASSETS
Per Cent



Due to the higher net profit, return on assets increased from 5.1 per cent in FY2015 to 8.7 per cent in FY2016.

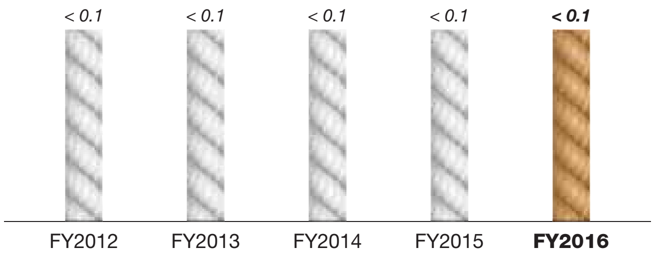
RETURN ON EQUITY
Per Cent



Due to the higher net profit, return on equity increased from 6.9 per cent in FY2015 to 13.1 per cent in FY2016.

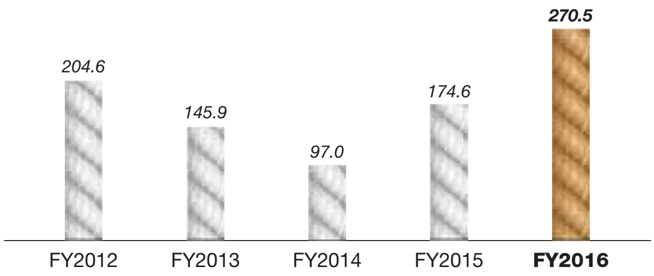
FINANCIAL RATIOS – LEVERAGE

TOTAL DEBT TO TOTAL EQUITY RATIO
Times



Our debt to equity ratio has maintained at less than 0.1 times since FY2012.

INTEREST COVER RATIO
Times

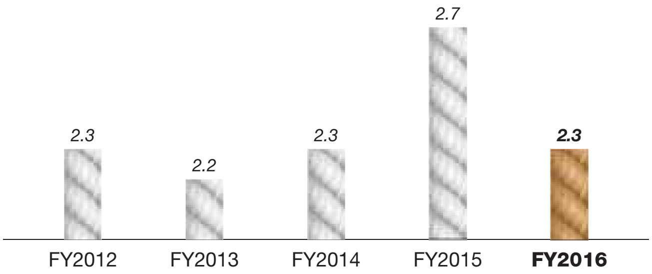


Our interest cover ratio has increased from 174.6 in FY2015 to 270.5 times in FY2016 due to higher profits reported in FY2016.

FINANCIAL RATIOS – LIQUIDITY

CURRENT RATIO

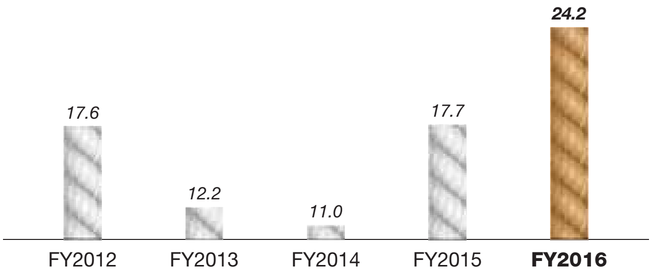
Times



The Group continued to be strong in its short-term financial position as the current ratio stood at 2.3 times for FY2016.

CASH PER SHARE

Cents

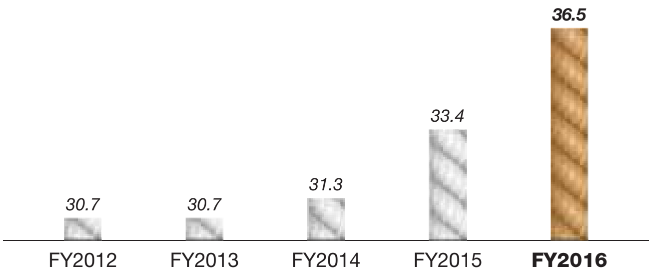


With higher cash and cash equivalent, cash per share increased from 17.7 cents per share as at 31 December 2015 to 24.2 cents per share as at 31 December 2016.

FINANCIAL RATIOS – LIQUIDITY

NET TANGIBLE ASSETS PER SHARE

Cents

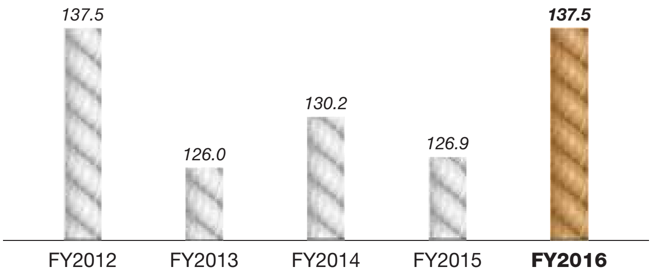


The Group's net tangible assets increased by 9.5 per cent from $102.9 million as at 31 December 2015 to $112.7 million as at 31 December 2016. Net tangible assets per share grew to 36.5 cents as at 31 December 2016 compared to 33.4 cents at 31 December 2015.

FINANCIAL RATIO – PRODUCTIVITY

REVENUE PER EMPLOYEE

$'000



Revenue per employee was $137,500 in FY2016.

GROUP QUARTERLY RESULTS

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year	
	$'000	% of Year	$'000	% of Year	$'000	% of Year	$'000	% of Year	$'000	% of Year
Revenue										
2016	24,554	22.1%	24,034	21.6%	28,062	25.3%	34,449	31.0%	111,099	100.0%
2015	27,399	26.5%	27,187	26.3%	24,208	23.5%	24,496	23.7%	103,290	100.0%
EBITDA										
2016	2,553	13.1%	3,711	19.0%	3,031	15.6%	10,181	52.3%	19,476	100.0%
2015	2,038	18.8%	3,939	36.4%	1,870	17.3%	2,979	27.5%	10,826	100.0%
Profit before income tax										
2016	1,868	11.3%	2,990	18.1%	2,273	13.8%	9,376	56.8%	16,507	100.0%
2015	1,291	17.0%	3,128	41.1%	1,059	13.9%	2,128	28.0%	7,606	100.0%
Profit attributable to shareholders										
2016	1,853	12.9%	2,489	17.4%	1,976	13.8%	8,020	55.9%	14,338	100.0%
2015	1,126	16.1%	2,948	42.1%	997	14.2%	1,934	27.6%	7,005	100.0%

The first two quarters in FY2016 reported lower revenue as compared to their corresponding quarters in FY2015. The lower revenue was due mainly to the lower percentage of revenue recognised from several maintenance projects that were near completion during the half year ended 30 June 2016. The last two quarters in FY2016 reported higher revenue as compared to their corresponding quarters in FY2015. The higher revenue was due mainly to the higher percentage of revenue recognised from a number of existing key construction projects as they progressed to a more active phase during the last two quarters.

Higher EBITDA were recorded in first, third and last quarters in FY2016 as compared to their corresponding quarters in FY2015.

All the quarters except the second quarters in FY2016 registered higher profit before income tax as compared to the corresponding quarters in FY2015. The increase in profit before income tax was due mainly to the completion of several maintenance projects which commanded higher margins, as well as the recognition of variation orders for a construction project in FY2016. The increase in the profit before income tax in the last quarter of 2016 was mainly due to an increase in share of results of associated companies and joint ventures of $2.9 million.

Better profit before income tax led to higher profit attributable to shareholders for first, third and last quarters in 2016.

OKP completed a pedestrian overhead bridge at Novena in the Walk2Ride programme (ER443).

One of OKP's completed projects involved the extension of roads, drains and sewers works at Woodlands Avenue 4.

CORPORATE LIQUIDITY AND CASH RESOURCES

Group's consolidated statement of cash flows	FY2016 $'000	FY2015 $'000	FY2014 $'000	Restated* FY2013 $'000	FY2012 $'000
Cash flows generated from/(used in) operating activities	28,265	20,254	(1,115)	(1,467)	(7,041)
Cash flows (used in)/generated from investing activities	(2,024)	2,120	(587)	(8,750)	(24,883)
Cash flows used in financing activities	(5,637)	(1,795)	(1,883)	(5,185)	(6,560)
Net increase/(decrease) in cash and cash equivalents	20,604	20,579	(3,585)	(15,402)	(38,484)
Cash and cash equivalents at the beginning of the financial year	49,508	28,929	32,514	47,916	87,448
Cash and cash equivalents at the end of the financial year	**70,112**	**49,508**	**28,929**	**32,514**	**48,964**
Comprise of:					
Cash at bank and on hand	16,127	20,605	14,330	13,963	17,934
Short-term bank deposits	58,558	34,084	19,679	23,614	36,058
	74,685	54,689	34,009	37,577	53,992
Short-term bank deposits pledged to banks	(4,573)	(5,181)	(5,080)	(5,063)	(5,028)
Cash and cash equivalents per consolidated statement of cash flows	**70,112**	**49,508**	**28,929**	**32,514**	**48,964**

(*) - Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

We maintain a strong and healthy balance sheet and cash flow position which enable us to explore new large-scale infrastructure projects and investments, either here or overseas.

We reported net cash of $28.2 million generated from operating activities in FY2016 as compared to net cash generated from operating activities of $20.3 million in FY2015. The $7.9 million increase in net cash generated from operating activities was due mainly to:
(a) an increase in net cash generated from operating activities before working capital changes of $5.8 miliion;
(b) an increase in net working capital inflow of $2.1 million; and
(c) an increase in interest received of $0.3 million,

which were partillay offset by:

(d) an increase in income tax paid of $0.3 million during FY2016.

Net cash used in investing activites of $2.0 million was due to:
(a) the purchase of new property, plant and equipment and intangible assets of $2.0 million; and
(b) an advance of $0.16 million granted to joint venture, Lakehomes Pte Ltd, during FY2016,

which were partially offset by:

(c) the proceeds received from the disposal of property, plant and equipment and interest income from the financial asset, available-for-sale during FY2016.

Net cash of $5.6 million used in financing activities in FY2016 included repayment of finance lease liabilities of $1.5 million, interest payments of $0.1 million and dividend payments to shareholders amounting to $4.6 million. The $6.2 million outflow was partially offset by a decrease in pledged deposit of $0.6 million as a result of the cancellation of a bank facility during FY2016.

Overall, free cash and cash equivalents stood at $70.1 million as at 31 December 2016, an increase of $20.6 million, from $49.5 million as at 31 December 2015. This works out to cash of 22.7 cents per share as at 31 December 2016 as compared to 16.1 cents per share as at 31 December 2015. (based on 308,430,594 issued shares as at 31 December 2016 and 31 December 2015).

CORPORATE LIQUIDITY AND CASH RESOURCES

Net Indebtedness	FY2016 $'000	FY2015 $'000	FY2014 $'000	FY2013 $'000	FY2012 $'000
Due within one year:					
Finance lease obligations	1,120	950	722	738	524
Due after one year:					
Finance lease obligations	2,028	1,637	1,513	2,004	930
Total debt	**3,148**	**2,587**	**2,235**	**2,742**	**1,454**

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

The increase in debt amount from $2.6 million as at FY2015 to $3.1 million as at FY2016 as a result of purchase of plant and equipment to support new and existing projects in FY2016.

Newly purchased silent piler being used at our worksite.

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

Newly purchased lorry crane used to support OKP projects.

Another investment property, The Huntington at Moulmein Road.

VALUE ADDED STATEMENT

Value Added Statement	FY2016 $'000		FY2015 $'000		FY2014 $'000		Restated* FY2013 $'000		FY2012 $'000	
Revenue	111,099		103,290		109,476		106,994		104,482	
Less:Purchase of goods and services	(58,129)		(64,658)		(74,002)		(66,243)		(54,917)	
Gross value added from operations	52,970		38,632		35,474		40,751		49,565	
Other income	2,436		2,590		1,485		1,182		2,681	
Gain/(loss) on foreign exchange	36		210		88		86		(190)	
Share of results of associated companies and joint ventures	3,030		128		91		1,066		(10)	
	5,502		2,928		1,664		2,334		2,481	
Total value added available for distribution	**58,472**		**41,560**		**37,138**		**43,085**		**52,046**	
Distribution		%		%		%		%		%
To employees										
(1) Salaries and other staff costs	33,501	57	29,797	72	30,867	83	29,743	69	27,449	53
(From)/to government										
(1) Corporate and property taxes	2,278	4	711	2	(233)	(1)	616	1	2,314	4
To providers of capital										
(1) Finance costs	72		62		54		59		89	
(2) Dividends to shareholders	4,626		616		925		4,626		6,115	
	4,698	8	678	2	979	3	4,685	11	6,204	12
Balance retained in the business:										
(1) Depreciation and amortisation	2,897		3,158		2,986		3,232		3,354	
(2) Unappropriated profits	14,338		7,005		2,541		4,812		12,364	
(3) Minority interests	-		(1)		(2)		(3)		160	
	17,235	30	10,162	23	5,525	15	8,041	19	15,878	30
Non-production costs and income:										
(1) Allowance for impairment of receivables (non-trade)	758	1	650	2	-	-	-	-	1,474	3
(2) Non-trade receivables written off	2	-	-	-	-	-	-	-		
(3) Non-trade/trade creditors written off	-	-	(438)	(1)	-	-	-	-	(1,273)	(2)
Total distribution	**58,472**	**100**	**41,560**	**100**	**37,138**	**100**	**43,085**	**100**	**52,046**	**100**
Productivity Analysis										
Number of employees	808		814		841		849		760	
Value added per employee ($'000)	72		51		44		51		68	
Value added per dollar of employment cost	1.7		1.4		1.2		1.4		1.9	
Value added per dollar of investment in fixed assets (before depreciation)	1.2		0.9		0.8		1.0		1.3	
Value added per dollar of revenue	0.5		0.4		0.3		0.4		0.5	

(*) - Certain comparative figures have been restated due to the adoption of FRS111 (new) – "Joint Arrangements".

Total value-added created by the Group in FY2016 amounted to $58.5 million (2015: $41.6 million) due to higher profits reported in FY2016.

In FY2016, about $33.5 million or 57.0 per cent of the value-added was paid to employees in the form of salaries and wages. $2.3 million or 4.0 per cent was paid to the government in the form of corporate and property taxes while $4.7 million or 8.0 per cent was paid as dividends and interests to financial institutions. Balance of $17.2 million was retained by the Group for its future growth.

In FY2015, about $29.8 million or 72.0 per cent of the value-added was paid to employees in the form of salaries and wages. $0.7 million or 2.0 per cent was paid to the government in the form of corporate and property taxes while $0.7 million or 2.0 per cent was paid as dividends and interests to financial institutions. Balance of $10.2 million was retained by the Group for its future growth.

INSPIRING OUR PEOPLE ESTABLISHING SOLID TEAMWORK

We believe in inspiring our staff to deliver high-quality services and work together as an integrated team, thus exceeding our customers' expectations.

SUSTAINABILITY REPORT

AT OKP, WE WANT TO MAKE A DIFFERENCE AND WE ASPIRE TO BE A FORWARD-THINKING COMPANY WITH A STRONG COMMITMENT TO CORPORATE RESPONSIBILITY AND SUSTAINABILITY. WE AIM TO BE A RESPONSIBLE CORPORATE CITIZEN, PROVIDING CLEAR DISCLOSURE OF THE ECONOMIC, SOCIAL AND GOVERNANCE ASPECTS OF OUR BUSINESS TO OUR STAKEHOLDERS, AND IMPLEMENTING A MONITORING FRAMEWORK.

WE BELIEVE THAT SUSTAINABILITY MEANS OPERATING OUR BUSINESS IN A WAY THAT IS NOT ONLY PROFITABLE BUT ALSO MAKES A POSITIVE DIFFERENCE TO OUR STAKEHOLDERS AND THE ENVIRONMENT. IT IS A STRATEGIC DIRECTION THAT LEADS TO IMPROVED MANAGEMENT, INCREASED EFFICIENCY AND GOOD BUSINESS PERFORMANCE.

Or Toh Wat
Group Managing Director

Since 2010, the Group has published a sustainability report which discusses strengthening corporate governance, empowering people and the community, and nurturing the environment.

This is the second year that OKP is presenting a sustainability report based on the Global Reporting Initiative (GRI) - G4 Sustainability Reporting Guidelines. The report is for the financial year from 1 January 2016 to 31 December 2016. The current report is not subject to any external assurance.

OKP's phase approach to sustainability reporting:

Primary Components	Adoption		
	FY2016	FY2017	FY2018
Material environmental, social and governance (ESG) factor	We have identified and addressed the most critical factors.	We will review factor assessment and added factor which have become material and removed existing factors which are no longer material.	We will review factor assessment and added factor which have become material and removed existing factors which are no longer material.
Policies, practices and performance	We have described how we managed the material factors in "Risk Assessment and Management" section of this Annual Report.	We will describe and include specific policies and practices for each material factor.	We will describe and include specific policies and practices for each material factor.
Targets	We have disclosed some quantitative performance indicators.	We have disclosed some quantitative performance indicators.	We have disclosed some quantitative performance indicators.
Sustainability Reporting Framework	GRI-G4 Sustainability Reporting Guidelines.	GRI-G4 Sustainability Reporting Guidelines.	GRI-G4 Sustainability Reporting Guidelines.
Board Statement	The Management has determined, identified and assessed the key material ESG factors.	The Board will consider sustainability issues as part of its strategic formulation, determine the material ESG factors and oversees the management and monitoring of the material ESG factors.	The Board will consider sustainability issues as part of its strategic formulation, determine the material ESG factors and oversees the management and monitoring of the material ESG factors.

OKP's senior management at OKP's Annual Dinner 2016.

Group Managing Director Mr Or Toh Wat, together with customer, LTA touring a NEA booth during 500,000 accident-free man hours celebration for the construction of the viaduct from TPE to PIE (Westbound) and Upper Changi Road East.

STAKEHOLDER ENGAGEMENT

The Group aims to develop and provide sustainable value to our stakeholders. To achieve this objective, we seek to offer reliable products and services, ensure that our customers are satisfied, be an attractive employer, monitor our supply chain, and nurture our environment and community. It is a priority on our part to engage our stakeholders regularly and assume them of OKP's commitment.

Stakeholders		OKP's Commitment
Clients/customers		Provide clients/customers with excellent service on time, within budget and with emphasis on high standards of quality, reliability and safety.
Employees		Develop our employees to their full potential by offering training and staff development, a fair and equitable system and a safe working environment.
Suppliers		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.
Shareholders/investors		Maximise shareholder return on investment through solid fundamentals and strategies while maintaining excellence in our products and services.
Community		Contribute to the community by supporting various charitable causes and organisations and minimise our impact on the environment as a good corporate citizen.

SUSTAINABILITY REPORT

The Group is committed to listening to our stakeholders and we welcome feedback on this report. For enquiries, please contact the CSR Department at okp-csr@okph.com.

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

Primary Factor	Material Components	Performance Measures
ENVIRONMENT	1. Water consumption	Water consumption (Cu M)
	2. Electricity consumption	Electricity consumption (kWh)
	3. Fuel consumption (by lowering fuel consumption in construction vehicles and heavy machineries)	Diesel consumption (litres)
	4. Minimisation of material wastage	Rate of construction material wastage
SOCIAL AND GOVERNANCE	5. Health and safety (minimising risk of accidents through education programmes in order for the employees to act responsibly)	Fatal incident rate
	6. Training and education of employees	Training hours and training cost
	7. Participation in local programmes such as donations, education programmes, building infrastructure for liveable communities, supporting sustainable community development	Total CSR spending per annum
	8. Employees retention	Staff turnover rate
	9. Diversity i.e. embedded diversity in the Company's culture, creating a more flexible working environment	Percentage comparison of male and female employees

We have prioritised them using a matrix. The following matrix plots the potential issues based on likelihood and impact.

Likelihood of influence on external stakeholders	Low	Medium	High
High			5. Health and Safety
Medium	1. Water consumption 2. Electricity consumption 3. Diesel consumption 7. Participation in local programmes	4. Waste Minimisation	6. Training and education of employees 8. Employees retention
Low	9. Diversity		

Impact to our business

NURTURING THE ENVIRONMENT

At OKP, we are also aware of our responsibility for nurturing the environment and mitigating negative environmental consequences at our worksites and the environment where we operate. We monitor our energy, waste and water management at our work places to ensure that we use our resources efficiently and in a meaningful and responsible way.

The Group has also been doing its part in promoting a green environment and has been acknowledged for this environment-friendly role. Since 2012, OKP has won four awards for being a green and gracious builder and one for construction environmental award. In 2016, our wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd received the Building and Construction Authority (BCA) Green and Gracious Builder (Excellent) Awards.

At OKP, we adopt a holistic approach to understanding and managing the environmental impact of our activities and other risks in our supply chain.

Below are our key environmental performance indicators:

		2016	2015
Water consumption (Cu M)		28,503	32,769
Electricity consumption (kWh)		745,652	868,337
Diesel consumption (cu/m)		2,769,400	2,870,700
Material wastage		3%	4%
Fatal accident		0	1

SUSTAINABILITY REPORT

OKP completed the expansion of the CTE/TPE/SLE Interchange in 2015, one of the largest expressway projects in Singapore.

EMPOWERING PEOPLE AND THE COMMUNITY

The Group also seeks to empower its people and the community. At OKP, we aim to be a responsible and considerate employer to our 808 employees by nurturing and training them to their fullest potential, in order that they can excel and enjoy meaningful and rewarding careers within the Group. 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 employees.

We have developed a culture of safety by establishing safety and environmental awareness programmes to ensure the health and safety of our workers and others, who visit or work at our worksites and premises. We also monitor our energy, waste and water management at our work places to ensure that we use our resources efficiently and in a meaningful and responsible way.

Since 2006, the Group has won 18 safety awards in recognition of its outstanding performances in occupational safety and health management and accident-free environment. In 2016, OKP won three safety awards as follows:

- a Safety Recognition Award from Changi Airport Group for our commitment to achieving Zero Safety Infringement for works at Seletar Airport in 2016 -- the only contractor under Airside Project to be rewarded with such award
- a Certificate of Recognition from the Land Transport Authority (LTA) at its Annual Safety Award 2016 for “Category 2 (Civil contracts not exceeding $120 million)” for companies that have achieved above 400,000 accident-free man-hours worked for Contract ER458
- a Certificate of Participation from the LTA at its Annual Safety Award 2016 for the “Major Category (Civil contracts between $20 million and $50 million)” for Contract ER458.

As a responsible and good corporate citizen, we strive to empower people in the community. The Group believes it should help the unfortunate and less privileged in our society through its donations, sponsorships and voluntary work. In this way, OKP also enhances its reputation as a good corporate citizen which takes its corporate social responsibilities seriously.

STRENGTHENING 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 strengthen its corporate governance, empower its people and the community, and nurture the environment.

To improve our corporate governance, we are committed to and emphasise the principles of sustainability reporting. At OKP, we aim to improve our performance in financial reporting as well as reporting on non-financial areas such as corporate governance, and social and environmental responsibilities.

To achieve this objective, we advocate an open and transparent approach in providing relevant and up-to-date information on our financial and non-financial business performance to all our stakeholders. We make it a priority to share appropriate information relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance so as to keep OKP's stakeholders well informed. We also seek to maintain a high standard of ethical practices and transparency in dealing with our stakeholders.

At OKP, we aim to exceed past aspirations and work towards a greater future by building firmer foundations, broadening our capabilities, empowering our people and nurturing the community and the environment. In this approach, the Group adds value for all its 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 strong commitment to maintaining high standards in corporate governance and judicious risk management. The Group believes in establishing a sustainable business that brings long-term value to shareholders and move forward to an inspiring future with long-term growth for the Group.

Below are our social and governance performance indicators:

	2016	2015
Training hours	5,037 hours	5,567 hours
Training costs (net of government grants)	$127,000	$171,442
Total CSR spending per annum	$107,000	$120,000
Staff turnover rate	15.0%	15.5%
Employees by gender - Male - Female	 94% 6%	 94% 6%

Daily spraying of insect repellent is a must for all workers at our construction sites.

Safety banners at our construction sites.

SUSTAINABILITY REPORT

In summary, we aim to sustain our business growth and profitability by our commitment to strong corporate governance, prudent financial management and efficient operation; and empower our employees via our initiatives to nurture and reward them for good performances. We also aim to create a positive impact in the community by fostering greater corporate social responsibility, and to cultivate a greener environment by implementing environment-friendly measures in all our undertakings.

GRI CONTENT INDEX
GENERAL STANDARD DISCLOSURES

Item	Description	Page Reference	Annual Report Section
Strategy & Analysis			
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Organisation Profile			
G4-3	Name of the organisation	Cover page	Annual Report Cover page
G4-4	Primary brands, products, and/or services	18 to 19	Our Corporate Profile
G4-5	Location of the headquarters	35	Our Corporate Information
G4-6	Name of countries where the organisation operates	34	Our Group Structure
G4-7	Nature of ownership and legal form	203 to 204	Statistics of Shareholdings
G4-8	Markets served	38 to 49	Our Operating and Financial Review
G4-9	Scale of the organisation	38 to 49	Our Operating and Financial Review
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G4-14	How precautionary approach is addressed	110 to 118	Risk Assessment and Management
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Our OKP team celebrating the achievement of 500,000 accident-free man hours at the worksite for the construction of the viaduct from TPE to PIE (Westbound) and Upper Changi Road East.

OUR PEOPLE

Site supervisor Mr Teo Chwe Pew receiving his 20-year long service award from Group Managing Director, Mr Or Toh Wat (left) and Group Chairman, Mr Or Kim Peow (centre) at OKP Annual Dinner 2016.

Excavator operator Mr Chan San Kong receiving his 25-year long service award from Group Managing Director, Mr Or Toh Wat (left) and Group Chairman, Mr Or Kim Peow (centre) at OKP Annual Dinner 2016.

At OKP, we recognise that our people are one of our greatest assets as they have played an important role in helping the Group to exceed its past aspirations and will continue to inspire a greater future for the company. Their vast expertise, good teamwork and excellent efforts have enhanced OKP's vision to be one of the leading players in the transport infrastructure and civil engineering industry in Singapore, the region and beyond.

The Group recognises that our employees' commitment to their work and diligent efforts have been vital in supporting OKP's growth through the years. They have helped the Group to develop new capabilities and expertise, thus enhancing its competitiveness. As such, we focus on OKP's guiding principle to our employees, which is our commitment to providing a safe working environment, training and advancement in their respective fields and a fair and equitable system that rewards their productivity.

To achieve its business goals and enjoy sustainable revenues and profits, OKP is committed to recruiting, nurturing and developing a capable team of employees, who can plan, manage and execute the various projects professionally and effectively. The Group believes that it is important to build a competent and strong team, who can meet the business challenges of today and the future. In order to attract and recruit the right team of people with the right skills and relevant experience to plan and implement our business strategies, we have established a human resources strategy and programme for the whole company. We identify with our people's aspirations, inspire them to perform to the best of their abilities and enable them to advance through the ranks. At OKP, we also continuously aim to better our human resources and people development practices so as to attract and retain the best talents.

At OKP, the workforce comprises corporate executives, administrative support staff, project managers, civil engineers, site supervisors and general construction workers. Our employees come from diverse backgrounds and nationalities including China, Taiwan, Malaysia, India, Myanmar, Philippines, Thailand and Bangladesh. With such varied and diverse backgrounds, the Group's management has to instil common goals and core values in order to build a capable and effective team. An efficient recruitment, training and development methodology is therefore crucial to ensure our Group's long-term success and financial stability.

ORIENTATING NEW STAFF

To enable new staff to adapt easily to OKP's culture and environment, the Group has implemented a tried-and-tested staff orientation programme, which helps them to understand the Group's policies, and ethical and safety standards. Our staff orientation policy aims to integrate newcomers by making them aware of OKP's core values and benchmarks so that they can fit in easily and speedily to the Group's ways of working internally and externally with various stakeholders.

By following this approach, new employees can start to make immediate contributions when joining the company. Our past experience has shown us that a good orientation programme also contributes to staff retention, as we observe that new recruits generally decide to stay with the company within the first six months of their employment.

DEVELOPING OUR PEOPLE

The Group is committed to attracting, nurturing and retaining capable and experienced people to steer the Group ahead. Indeed, we seek to develop our people to their fullest potential so that the team can help OKP to achieve sustainable and steady growth now and in the future. We place a strong emphasis on employee learning and training. As such, we are committed to equipping them with the required knowledge, skills and competencies in order to meet the demands of their jobs effectively. Over the decades, we have invested substantially in developing our staff. We do this by organising relevant training and development courses to continuously equip them with key competencies and skills so

BETTER WORKPLACE
BE the workplace of choice

that they can perform efficiently in their current job functions. Training is provided to employees based on job requirements and merit in order to further enhance their technical and functional competencies for now and also to meet the future requirements of the Group's business.

We seek to develop our people's talents to their fullest potential so that they can grow their careers within the company. Thus, our focus is to provide our employees with various development opportunities for professional and personal growth as part of our team. In this way, they can find job satisfaction and enjoy the advantages of working in a progressive company, which they can take great pride in. Our human resources management policy lays 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 BCA and Construction Industry Joint Council. Through the Pledge signing, we have shown commitment to the adoption of good human resource 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

To enable the Group to attract the right talent for the right job for the future, OKP has been offering educational scholarships and sponsorships to students, who may be the Group's potential recruits in the future.

In recent years, the Group has participated in the Building and Construction Authority (BCA) – Industry Environment Undergraduate Sponsorship/Scholarship programme, which has been fruitful in bringing young and fresh talents into OKP. In 2016, OKP registered one of its project engineers for the BCA Academy's Specialist Diploma in Lean Construction.

In 2016, OKP provided a scholarship for one student at National University of Singapore (NUS) pursuing a Bachelor of Engineering (Civil Engineering) degree. OKP also sponsored one project engineer for a Master of Science (Geotechnical Engineering) degree at NUS.

In 2015, OKP sponsored five students (four at Nanyang Technological University (NTU) and one at NUS, and provided a scholarship for one student at NTU pursuing a Bachelor of Engineering (Civil Engineering) degree.

In 2014, OKP sponsored three students (one at NUS and two at NTU) and awarded a scholarship to one student at NUS. One of these OKP-sponsored undergraduates had her industrial attachment with the Group in May 2014 for a period of 10 weeks. The four sponsored students (two each from NTU and NUS) had successfully completed their Bachelor of Engineering (Civil Engineering) degrees and joined the Group as full-time staff in July and August 2015.

In 2012, OKP sponsored two project engineers for a Master of Science (Civil Engineering) degree with specialisation in infrastructure project development at NUS. In 2014/2015, these two project engineers successfully completed their Master programme, and their newly acquired knowledge has helped to increase the talent pool within OKP.

Under the Group's overseas industry immersion programme, OKP has been sending staff on overseas trips to pick up new skills and further their knowledge.

Recently, five employees attended the Singapore International Transport Congress and Exhibition (SITCE) 2016 with the theme "Innovating Transport for Liveable Cities", from 19-21 October 2016 in Singapore. Earlier in April 2016, Group Managing Director Mr Or Toh Wat, together with a Project Engineer attended BAUMA Construction Trade Expo in Germany. The purpose was to find out more about new technologies and equipment available in the industry, and how they can be applicable for our local projects.

In 2015, there were two overseas industry immersion trips. The Group sent promising employees to Ipoh, Malaysia and Jakarta, Indonesia. The specialised overseas project immersion programme in Ipoh in July 2015 involved a visit by

Our Group Managing Mr Or Toh Wat visited the BAUMA Construction Trade Expo in Germany in April 2016.

Our employees attended the Singapore International Transport Congress and Exhibition in October 2016.

OUR PEOPLE

nine employees to a precast yard and a project site, which exhibited the precast segment launching process.

The programme in Jakarta in November 2015 involved sending batches of at least five senior and project engineers for one week to visit a project site and supervise the work for a 60-storey integrated development. To date, 20 engineers have gone on such visits. Through this immersion programme, our engineers acquired a good understanding of the method of piling work for big diameter and long depth of bored piles, which will be useful knowledge when the Group tenders for more complex projects with big diameter bored piling works and diaphragm wall works.

The Group's senior management also seek to enhance their leadership capabilities. Group Managing Director, Mr Or Toh Wat attended the Stanford Virtual Design and Construction Leadership Programme from 10 to 14 November 2015 in the United States. This leadership course was organised by the Stanford University's Centre for Integrated Facility Engineering (CIFE) and BCA.

ENSURING OCCUPATIONAL HEALTH AND SAFETY

INCIDENTS OF INDUSTRIAL INJURIES

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

For example, compulsory safety induction is conducted to educate new staff on the importance of personal protective equipment and risk management procedures.

In promoting and maintaining a healthy, safe and secure working environment for our staff and workers, the Group does not just focus on its staff. We acknowledge that our subcontractors and various partners are just as vital as they also play a significant role in maintaining good occupational health and safety. We work very closely with them to ensure that they share the same commitment and work together to strengthen safety and environmental standards. A safe job site not only reduces unnecessary risks and exposure in a project, it also boosts staff morale and enhances client satisfaction levels. It is the Group's policy that all incidents are monitored and reported immediately, and not just those that result in actual injuries. We emphasise this procedure to all our supervisory staff and general workers so that we can learn from and rectify past mistakes, and achieve our aim of zero injuries.

Since 2006, OKP has been receiving numerous safety awards in recognition of its high standard of health and safety awareness at its various worksites. In 2016, the Group received three safety awards. We received a Certificate of Recognition from the Land Transport Authority (LTA) at the Annual Safety Award 2016 for "Category 2 (Civil contracts not exceeding $120 million) for companies that have achieved above 400,000 accident-free man-hours worked for Contract ER458. We also received a Certificate of Participation from the LTA for the "Major Category (Civil contracts between $20 million and $50 million)" for contract ER458. We also received a Safety Recognition Award from Changi Airport Group for our commitment in achieving Zero Safety Infringement for works at Seletar Airport.

In addition, both wholly-owned subsidiary corporations Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co (Pte) Ltd have been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Excellent) Award in 2016.

ABSENTEEISM

One of OKP's aims is to prevent and deter absence for all staff. Absenteeism from work affects direct and indirect costs. It also indicates a low level of job satisfaction and a lack of commitment to OKP. Furthermore, absenteeism also disrupts operations at the office premises and construction sites. To achieve a low level of absenteeism among its employees, OKP seeks to provide a positive working environment and support its employees' performance at work with effective guidance and proper supervision.

Our Deputy Project Manager Mr Lexter Ang (right) received a token of appreciation from Mr Norman Ip, Chairman, WBL Corporation Ltd at the BCA-Industry Built Environment Scholarship Award Ceremony in 2016.

Staff enjoying themselves at OKP Annual Dinner 2016.

BEING PEOPLE-CENTRIC

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

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

As a people-oriented company, we have many welfare initiatives such as our Annual Dinner, Chinese New Year lunch and regular luncheons. Our employees 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 not only provide maternity leave but also paternity leave for our staff.

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

Functional	FY2016	FY2015	FY2014
Management & Supervisory (M&S)			
Local	8%	7%	6%
Foreign	2%	2%	2%
Finance & Administration (F&A)			
Local	1%	1%	1%
Foreign	1%	1%	1%
Site Operations (S&O)			
Local	8%	7%	7%
Foreign	80%	82%	83%
	100%	**100%**	**100%**

Years of Service	FY2016	FY2015	FY2014
More than 15 years	6%	7%	7%
10 years to 14 years	14%	14%	13%
6 years to 9 years	26%	21%	16%
3 years to 5 years	27%	24%	27%
Less than 3 years	27%	34%	37%
	100%	**100%**	**100%**

Educational Qualification	FY2016	FY2015	FY2014
Degree and Above	11%	9%	8%
Diploma & Equivalent	5%	4%	4%
"O" & "A" Level & Equivalent	3%	2%	2%
Trade Certificate & Equivalent	24%	23%	23%
Secondary School & Lower	57%	62%	63%
	100%	**100%**	**100%**

Gender	FY2016	FY2015	FY2014
Male	94%	94%	95%
Female	6%	6%	5%
	100%	**100%**	**100%**

Age	FY2016	FY2015	FY2014
65 years and above	2%	1%	1%
55 to 64 years	7%	7%	6%
45 to 54 years	24%	23%	23%
35 to 44 years	28%	29%	30%
25 to 34 years	35%	35%	35%
Below 25 years	4%	5%	5%
	100%	**100%**	**100%**

Nationality	FY2016	FY2015	FY2014
Singaporean/PR	18%	16%	15%
Malaysian	1%	2%	1%
Indian	42%	41%	40%
Bangladeshi	6%	6%	6%
Myanmar	15%	17%	19%
Thai	15%	15%	16%
Filipino	1%	1%	1%
PRC	1%	1%	1%
Others	1%	1%	1%
	100%	**100%**	**100%**

CORPORATE SOCIAL RESPONSIBILITY

Executive Director Mr Or Kiam Meng receiving a token of appreciation from Mr Sitoh Yih Pin, Member of Parliament for Potong Pasir Single Member Constituency.

With the goal on being a good corporate citizen, the Group acknowledges the importance of conducting its business in a socially responsible way. At OKP, we demonstrate this by taking our corporate social responsibility (CSR) seriously and making positive contributions to the community in which we operate.

The Group aims to uphold the best practices in all its business operations, and this involves giving back to the community and offering assistance to the disadvantaged and needy in society. This assistance comes in the form of providing sponsorships and donations to various charitable organisations and causes. In addition, we encourage our staff to volunteer their time and services towards supporting worthy causes, thus making a difference to the community.

Over the past 10 years, there is a growing recognition in Singapore and worldwide that taking part in CSR initiatives can give business a competitive advantage. It is gaining recognition in many organisations, which are making CSR practices an important part of their business operations. These organisations realise that adopting good CSR practices can bring about benefits such as establishing a good reputation for the company, and maintaining good morale among staff and enabling better performances, thereby attracting investors and improving productivity.

At OKP, we are fully aware that promoting CSR is capable of strengthening our corporate reputation. To achieve this, we extend our support to the community through involvement in various fund-raising activities and philanthropic efforts and through our annual Charities of the Year programme. We actively support various charities, providing our staff opportunities to be public-spirited citizens as they participate in fundraising initiatives for specific causes and needs. Through various fundraising events and charities, we are able to extend our reach to many disadvantaged persons within the communities that we serve.

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

- 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;
- Students Care Service which has four centres with a team of caring professionals, which are committed to serving children and youth in Singapore, enabling them to maximise their potential;
- Pertapis 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;
- 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;
- Tampines Changkat Consultative Committee for its Festive Wishes Come True event which brings joy to underprivileged children by fulfilling their desired gifts during Christmas;
- 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;
- Nanyang Technological University's Computer Science and Engineering Club for their overseas community projects;
- 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;
- 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;
- 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;

- 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;

- Tentera Diraja Mosque's Charity Golf Tournament;

- 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 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 is dedicated to providing 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 more than ten students at Nanyang Technological University and National University of Singapore under the Building and Construction Authority (BCA) – Industry Environment Undergraduate Sponsorship/Scholarship;

- 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;

- Singapore Gymnastics, the national sports association for gymnastics in Singapore, with funds raised for running and administering its various gymnastics programmes.

The Group also sponsors events or programmes organised by various organisations such as schools, religious organisations, Community Development Council, People's Association and Land Transport Authority. It does this by raising funds for charities through golf tournaments, dinners and other events.

SAFETY AND ENVIRONMENTAL AWARENESS

STRENGTHENING SAFETY AND ENVIRONMENTAL AWARENESS

One of our guiding principles to our employees at OKP is our commitment to providing them with a safe accident-free working environment and ensuring that they go home safely after work. This commitment is also extended to our contractors, subcontractors and others who come to work at our premises and worksites. Developing and instilling a culture of safety and good environmental awareness within the Group is a vital factor in the planning and operation of our business. Thus, enhancing safety standards and creating environmental awareness are important aspects of OKP's core values and work environment.

Since late 2015, the Group has enhanced its safety practices, starting with its management team. The management team has direct responsibility for safety performance and everyone is a "safety manager" for the area under his supervision. They are responsible for ensuring that the Quality, Environmental, Health and Safety (QEHS) programme mandated at the management level is executed effectively on the ground. To strengthen its QEHS capability, OKP has increased its manpower to better manage this function. Since 2015, a corporate safety manager, who is stationed at different sites according to a roster, has been appointed to provide direction and advice on QEHS matters across all project sites.

Winner of Safety Supervisor of the Month, Mr Tay Kam Meng.

The Group's policy is to ensure a minimal risk work environment as the organisation believes that all accidents are preventable. It is therefore our duty to provide a working environment that exceeds health and safety regulatory obligations.

We have set up vision zero as our aim. We seek to inculcate and improve vision zero with regards to injuries, work-related illnesses and environmental impact for all our workplaces locally and overseas. Setting vision zero is not about focusing solely on meeting a numerical target of zero injuries at the workplace or zero harm to the environment but rather, it is about adopting a mindset that strives for zero harm in both areas. Thus, inculcating a safety culture and promoting environmental awareness among all stakeholders within the organisation are important aspects of OKP's core values and efficient work environment.

Adopting safety standards and environmental control measures in OKP is about creating the right environment and greater awareness, whereby each individual from senior management to the general workers can contribute fully towards achieving vision zero. The Group places emphasis on workplace safety, health and environmental protection at each and every phase of the project cycle from conceptualisation to the construction and management stages. This ensures that all potential risks are addressed early and immediately, thereby minimising or eliminating risks downstream.

The Group believes accident prevention and environmental protection is not only a moral obligation but also a good business practice. By identifying and directing our resources to address hazards and safe guard the environment, we aim continually to reduce our incident rates and costs associated with accidents. Maintaining and ensuring a safe working and sustainable environment for our employees and all stakeholders is therefore an important aspect of our efforts to achieve good performance, strengthen our corporate image and enhance our competitiveness.

ENSURING HIGH STANDARDS

At OKP, QEHS issues are significant areas in its overall business management. The management team establishes a strong foundation by providing clear directions within the Group for an effective occupational health and safety management approach so as to prevent safety-related and health incidents, and promote risk-free and environment-friendly premises. This management approach also complies with relevant laws and regulatory requirements, and ensures a reliable and skilled workforce across the organisation.

To ensure the highest standards of QEHS performance, OKP makes QEHS responsibility a crucial factor in the way we conduct our business with our stakeholders such as clients,

OKP team celebrated after receiving a Safety Recognition Award from Changi Airport Group for its commitment in achieving zero safety infringement for works at Seletar Airport.

Temperature-taking during the Zika outbreak.

Search-and-destroy efforts to check on potential mosquito-breeding at one of the worksites.

subcontractors and suppliers. Indeed, QEHS issues are significant areas in our overall business management.

One way to enhance our QEHS performance is by adopting bizSAFE, which is the Workplace Safety Health Council's five-step programme, assisting companies to improve their workplace and safety health capabilities in order to achieve high safety and health standards at the workplace. To strengthen the effects of bizSAFE programme, the Group practises optimum risk control, starting with elimination, substitution, engineering and administrative control and finally, usage of construction personal protective equipment. Work-at-height risks which cannot be eliminated, will be managed by having certified scaffold platform erected by trained personnel.

Since 2014, OKP has appointed only contractors and vendors with bizSAFE level 3 and above for its projects. Both our subsidiary companies Or Kim Peow Contractors (Pte) Ltd and Eng Lam Contractors Co. (Pte) Ltd, are deeply 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.

Our employees and subcontractors' employees 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. As an industry leader, our aim is to be a health and safety benchmark. To stay ahead in this competitive industry, the Group continuously reviews and revises its QEHS Management System. By doing so, we improve our workplace safety and health standards and also fine-tune our operational procedures, thus improving our efficiency. The Group's integrated management system had been implemented according to the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 requirements. Maintaining our certification by the Building and Construction Authority (BCA) is a testimony that OKP has a robust system and strong commitment in ensuring continuous quality, and environmental, safety and occupational health improvements. The Group successfully obtained re-certification of its ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certificates in August 2016.

The Group is committed to protecting and preserving the natural environment through a variety of ongoing activities. Adopting the environmental mantra of reduce, reuse, recycle, OKP 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 employees and for all members of our society. Thus, the Group undertakes to do its part by:

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

WINNING RECOGNITION AND AWARDS

The Group's commitment and emphasis on QEHS have once again achieved good results. This can be seen in the numerous awards that OKP has received in recognition of its workplace health management and occupational safety focus. In 2016, the Group received a Certificate of Recognition from the Land Transport Authority (LTA) at its Annual Safety Award 2016 for "Category 2 (Civil contracts not exceeding $120 million)" for companies that have achieved above 400,000 accident-free man-hours worked for Contract ER458.

Another accolade for OKP is its receipt of the Green and Gracious Builders Award conferred by the BCA since May 2012. The award was introduced to raise

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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.

Since 2006, the Group has won a total of 18 safety awards, six green and gracious awards and one construction environment award.

Safety Conscious Award presentation at one of the worksites.

MAINTAINING QEHS SUSTAINABILITY

In today's dynamic and rapidly changing environment, the Group faces the challenge of maintaining the high standards of our QEHS Management System. We believe QEHS sustainability is vital to our customers, employees, shareholders, and community, and is also a long-term business driver. By focusing on specific efforts that address safety, health and environmental challenges and maintaining a good QEHS track record, we can reduce risks and improve our competitiveness for all our future business ventures.

The Group has made much progress in ensuring that our work practices are environmentally-friendly and protect the safety and well-being of our employees at all times and in all premises and situations. Some work practices include ensuring that we regularly update our legal register so that we are up-to-date on all applicable legal requirements. With the assistance of the updated legal register, OKP would be able to keep up with changes and proposed legislations. The legal register also ensures that we are more aware of and understand the implications of core legislations that affect our operations. This ensures that we stay compliant with local regulatory requirements and international standards.

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

Thirdly, when recruiting new staff and engaging partners, we evaluate their QEHS experience and track record.

Mass toolbox meeting held early in the morning at one of the worksites.

Our ability to attract, develop and retain qualified employees, consultants and subcontractors with good QEHS track records have greatly enhanced our success and sustainability.

Fourthly, we have set up Business Continuity Plans to better manage the organisation during unpredictable times and crises such as haze and monsoon rains, and unavoidable disease outbreaks. We have carried out 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 was quick to raise awareness among the workers on the potential hazards of the haze. All workers were trained and informed of the appropriate way to don their masks and stop work if the quality of air reaches hazardous levels.

In 2016, there was a severe outbreak of the Zika virus. On 27 August 2016, the Ministry of Health (MOH) and National Environment Agency (NEA) announced Singapore's first reported case of locally transmitted Zika virus infection. A day later, MOH confirmed 41 cases of locally transmitted Zika virus infection, of which, 36 were foreign workers from a construction site.

To prevent mosquito breeding and dengue/Zika transmission at construction sites, OKP established its Zika Contingency Plan. The body temperature of staff and workers are measured daily to identify signs of fever.

Insect repellents were also applied daily for protection against mosquito bites. The other keys areas of control measures include:

- intensification of search-and-destroy efforts to check on potential mosquito-breeding at all sites;
- inclusion of step-by-step dengue response and reporting procedure;
- standardisation of dengue case information form;
- mass carpet combing of the entire site;
- twice-weekly pest control operator's visits for the entire site;
- weekly trimming of overgrown grass; and
- monitoring of mosquito population using Gravitrap.

All these established practices are aimed at achieving high quality standards, as this approach will provide a strong and stable foundation for future generations of management and staff to follow and further improve the QEHS standards.

PROMOTING A SAFETY CULTURE

The Group remains committed to increasing and establishing a strong and sound safety culture and achieving a positive mindset among our employees that encourage responsibility towards oneself and one's co-workers. At OKP, we believe that a sound safety culture will encourage safe behaviours and results in an injury free-workplace. Safety management starts from the project planning stage and is practised through the various stages of design, construction and management till the projects are fully completed. By being good role models, our management staff shows high-level commitment and champions a strong safety culture within OKP.

Developing a progressive and pervasive QEHS culture is pivotal in raising its standards. In 2015, a project team collaborated and formed a community where safety alerts and bulletins are created and communicated to other project teams to share best safety practices, lessons learnt, case studies and other important safety information.

OKP's senior and middle management attended a safety training course at the LTA Academy.

Monthly project-level cross audit is also carried out to provide a "third eye" to identify shortfalls in the existing QEHS system and practices.

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

- a rigorous 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 injury to people. After identification, we will evaluate the likelihood of the risk and the severity of its impact, and then determine the preventive measures to put in place; and
- field regular safety audits at construction worksites.

The Group also implements various additional initiatives to further strengthen safety awareness at all its workplaces.

(1) One of the key initiatives was the introduction of Behavioural Based Safety programmes at our worksites. This is a safety approach that focuses on the behaviour of workers as the cause of most work-related injuries and illnesses. By conducting reviews and surveys of current work practices and collating data from interviews and observations, trained observers would identify the root cause of the respective group's or worker's unsafe behaviour. The results are usually fed back to the group or worker, and safe or model behaviours would be developed to assist the respective group or worker. Through the Behavioural Based Safety programmes, the Group is able to improve the well-being of its workers, thus enhancing performance and culture and achieve a sustained adjustment of attitudes towards safety.

(2) We continuously engage all employees on the Corporate Safety Promotion Programme so as to promote safety awareness at all organisational levels and strengthen our aim to make employee safety a top priority. Our Safety Promotion Programme seeks to encourage employees to enhance their own safety behaviour and that of their fellow workers, and 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 NEA), monthly mass safety talks and regular incentives to employees with good safety performance/behaviour. In order to recognise workers who display exemplary behaviour, safe

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work practices and attitudes, the Group identifies a monthly safety conscious employee, who will be awarded 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 workers could take intermittent rest during the working hours.

(3) We continue to improve and enhance a systematic way of monitoring the safety performance and knowledge of all workers. All workers will carry a personnel safety card that records types of safety training received 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.

(4) OKP has harnessed modern technology through the use of applications (apps) for the Permit To Work System. The use of the application saves time and cost and prevents any possible lapses in the Permit To Work System.

(5) We have created our own safety handbook to highlight the company safety requirements. The handbook includes the "dos and don'ts" to help the workers understand the safety aspects of each work activity. Besides the English version, the safety handbook is also translated into the workers' native languages to ensure that non-English speaking workers understand all the potentially life-saving information and know the safety procedure thoroughly. The safety handbook is our key tool in the ongoing battle against workplace accidents and injuries.

(6) OKP has created its Safety Alert and 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 informed of 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.

(7) Emergency drills are conducted regularly at all our worksites to reinforce 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 activities help to increase safety awareness and knowledge of all employees. This demonstrates OKP's commitment towards the safety and well-being of all its employees, clients, subcontractors and suppliers.

DEVELOPING QEHS TRAINING AND COMPETENCY

At OKP, we believe that our employees play an important role towards the successful implementation of our workplace safety and health management system. Significant resources are deployed to attract, develop and retain extraordinary talent and promote each employee's capabilities. We have carefully identified and developed specific training programmes for all our employees to fully equip them with the knowledge to effectively fulfil their responsibilities. Our employees are our best assets. Building people to their highest potential strengthens and increases our competitive edge.

We have developed a corporate health and safety induction package, which consists of the latest health and safety requirements and practices. Newly recruited employees are required to undergo the health and safety Induction programme to familiarise with these requirements.

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

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

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

Training is the key to prevent injuries among workers. Recently, OKP extended its training programmes to engage both suppliers and clients. It is important to get these subject matter experts, who understand the actual ground conditions and issues to conduct specific training sessions. From the suppliers' side, OKP engaged the excavator supplier to be the subject matter expert trainer. On 5 July 2016, 25 OKP senior staff attended the Contractors Senior Management Safety Training Course conducted by our client, LTA. This was to ensure the whole

OKP management team has a clear understanding and consistent application of LTA's Safety, Health and Environmental requirements. The training course was fruitful with discussions on health and safety matters such as accident prevention and safety promotion, safety compliance, safety best practices and worker involvement.

As part of fleet safety management, the Group has developed safe work procedures and risk assessments for tipper truck operations. All truck drivers are sent for defensive driving course and briefed on safety procedures to be followed with practical illustrations during the training.

PROMOTING A GREEN ENVIRONMENT

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

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

- reducing the environmental impact of work activities by implementing action plans aimed at cutting consumption of natural resources and reusing and recycling construction waste wherever possible;
- managing and disposing construction waste properly;
- reducing/reusing/recycling construction materials such as timber, reinforcement and concrete debris;
- maintaining construction machinery regularly to lessen carbon emissions;
- implementing and maintaining effective earth control measures onsite to prevent silty water from polluting public drains;
- reducing and treating waste water from construction activities in treatment plants before releasing into the public drainage system;
- minimising water consumption and emissions;
- using eco-friendly innovations such as solar-powered devices and de-sanding machines to separate sand from dredging wastes;
- reducing the usage of timber formwork by using metal formwork;
- evaluating 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
- implementing promotional activities onsite to encourage green practices.

In addition, the Group uses solar CCTV cameras for our project sites. These CCTV cameras which utilise 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 desired voltage. With solar CCTV cameras in a security system, OKP ensures an environmentally sustainable and self-renewing power source for 24-hour surveillance. Our company is also committed to complying with all applicable environmental laws and regulations.

MOVING FORWARD

In the face of a continually changing working environment and complex business requirements, OKP will also constantly find ways to tackle the challenges in the QEHS landscape and look out for opportunities to keep abreast of developments. Through the collective efforts of every stakeholder, significant improvements in QEHS standards have been made. However, as long as there is a risk of one worker being hurt at our workplace, we will not be complacent and will continue with our efforts to raise our QEHS standards. Plans are underway for many more QEHS initiatives to come in the near future.

An exhibition booth to promote safety measures at our worksites.

OKP participating in the LTA X-Dengue Campaign held on 16 July 2016.

OUR CUSTOMERS

Our OKP team celebrating the achievement of 500,000 accident-free man hours at the worksite for the construction of viaduct from TPE to PIE (Westbound) and Upper Changi Road East.

Our customers are key to our growth and success, enabling OKP to flourish from a sole-proprietorship in 1966 to become what it is today – an established public listed company. We fully recognise that our ability to exceed past aspirations and work towards a stronger future over the past years, is mainly due to the steadfast and continual support of its customers.

Our relationships with our customers are for the long haul and mutually beneficial. We believe that our customers gain from our dedicated team efforts and quality services while we expand our capabilities, broaden our expertise and skills, and develop our business through our customers' projects. Our customers' loyalty and confidence in us enabled OKP to be widely 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.

We ensure that all staff are mindful of this commitment to deliver on our service promise. With the aim of fulfilling our service promise to our customers effectively, our team works closely together to achieve our vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

At the operational level, OKP fulfils this service promise by training and empowering our workforce to support our customers to the best of their capabilities at all times. We reinforce this view to our employees by encouraging them to listen attentively to our customers' feedback, and work in tandem with the customers to better understand their business needs and address them accordingly. We empower our staff by giving them the necessary autonomy, help and resources to explore and initiate new ideas to meet our customers' requirements and concerns. Our workforce seeks to rectify the underlying causes of a customer's problem rather than merely treating the symptoms, and through this approach, nip the root of the issue effectively.

At our worksites, we work in sync with our customers to ensure that our safety standards comply with all applicable rules and regulations. For both customers and OKP, delivering a project on time and on budget is crucial for the successful completion of all projects. To achieve this objective, we strive to work conscientiously with our customers to ensure the projects are completed successfully within the stipulated contract terms.

DELIVERING ON OUR PROMISE TO OUR CUSTOMERS

As we aim to deliver on its service promise in the very competitive business arena in Singapore and the region, we believe that customer satisfaction becomes increasingly vital in order to sustain our business. At OKP, we note that customer satisfaction has been a crucial factor in our business' success. With a strong focus on our customers, the Group's management team and supervisors work together to provide a high level of engagement with them to ensure the smooth and successful completion of all projects.

At OKP, we believe that when we always deliver on our contracts on time and on budget, and go beyond customers' requirements, customers will develop greater trust and confidence in us. Thus, we strive to build up this confidence and establish an impeccable reputation by ensuring that we deliver on our projects with the highest levels of reliability, integrity and efficiency.

Through our many years of operational experience, OKP has fortified some key goals to ensure a high level of customer service. These targets enable us to build a good rapport and maintain solid relationships with its customers and keep them satisfied.

We aim to provide:

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

GROWING OUR CUSTOMER BASE

To build on a firm foundation and inspire a brighter future for our business in the long term, the Group needs to maintain as well as strengthen 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.

At OKP, we have established a good reputation 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.

We seek to expand 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 several partners to develop property projects. To build new capabilities and expertise and boost our competiveness, OKP has also invested in a joint venture in 2014 to tender for Mass Rapid Transit (MRT) projects and undertake MRT projects if awarded.

We also aim to expand our list of customers in the region. One of the concrete steps which we have taken is to obtain a licence in 2015 to operate a representative foreign construction service company in Jakarta, Indonesia to explore business opportunities in the building and construction industry there.

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

SECURING CONTRACTS FROM REPEAT CUSTOMERS

We focus on a holistic approach in our customer service by having long-term and continuing relationships with our customers. We consider each customer relationship as significant, looking at it as a sustainable partnership to be cultivated at all levels and all times. The Group believes that establishing and maintaining enduring relationships with customers are the foundation of OKP's business success.

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

Indeed, OKP is thankful for the continuing support from these long-term and loyal customers, who have stood by the Group through the ups and downs of the business cycle. These repeat contracts testify to our customers' satisfaction with our expertise and quality and service standards.

Securing a large number of returning customers is never an easy task. The repeat business is the result of OKP's competitive cost position and excellent past performances, which we believe are two most important criteria for winning new contracts. We also believe that the time and efforts we invest in nurturing and maintaining customer relationships play a pivotal role in winning such contracts. Our employees' focus in delivering high standards and quality projects to our customers is equally important in clinching new and repeat contracts.

PARTNERING TO BOOST OUR CUSTOMERS' EFFICIENCIES

Due to the daunting challenges facing the global economy, which in turn affects Singapore's economy, today's business environment is tough and very competitive. Our customers frequently face situations where they have to take decisive actions to improve productivity, reduce costs, and create added value to their businesses, often with limited financial and physical resources.

As we continue to work towards a brighter future for its business by enhancing its expertise, improving its competitiveness and growing a sustainable business in Singapore and the region, it seeks to assist customers to maximise their efficiencies. We do this by being a vital and dependable partner, who understands and helps them to attain their financial and operational goals. At OKP, we make sure that our contracts are priced accurately and fairly to reflect current market conditions. With our strong track record in civil engineering infrastructure works and as a market leader in public sector construction projects, we are in a solid position to deliver many value-added services to our customers.

ENGAGING OUR CUSTOMERS IN COMMUNITY SERVICE

The Group does not just engage with our customers professionally through our business activities at building sites and meetings. We also believe in engaging them in other ways outside of work. These activities include supporting them through providing sponsorships, and organising and hosting joint events in the respective industries.

INVESTOR RELATIONS

OKP held small group analyst briefing for its year-end results.

At OKP, we believe that it is important to provide timely, objective and comprehensive information on our business and financial performance to our shareholders as part of good corporate governance. We work to ensure that our investors understand and are kept informed of 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 on multiple platforms to communicate effectively with them. Our senior management and investor relations (IR) team actively keep communication channels open with the investment and financial community, and the media.

Our guiding principle in relation to our shareholders is our commitment to maximising their return on investment while maintaining excellence in our products and services. Our commitment is to create and increase long-term value for all our shareholders and investors. Indeed, we have exceeded past aspirations by establishing strong foundations, developing new capabilities and expanding our knowledge, experience and skills in order to fulfill our vision to be a leading transport infrastructure and civil engineering company in Singapore and overseas. Through this approach, OKP is able to inspire agreater future through sustainable growth in its business and delivery of stable results – to meet the expectations of its shareholders and investors.

To stay ahead as an industry leader, we diligently monitors the external business and macroeconomic environment affecting our business and responds strategically. We keep abreast of best practices by institutionalising effective management practices, with good operational procedures to enable effective and smooth practical workflow. To our staff, OKP emphasises the importance of delivering good customer service, which meets and exceeds our customers' expectations.

SINGAPORE CORPORATE GOVERNANCE WEEK
Towards Excellence in Corporate Governance 2016

PRACTISING GOOD CORPORATE GOVERNANCE

As a listed company, OKP is committed to ensuring good corporate governance, whereby it manages, directs and balances the interests of 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, the Group believes good corporate governance is essential in achieving and retaining investors' trust and confidence in OKP, as well as attracting the interest of new shareholders.

We support the pledge towards board diversity, which is an initiative for listed companies by the Singapore Institute of Directors and Singapore Exchange (SGX) this year. The pledge states:

All Board members were present at the annual general meeting.

"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 established processes to strengthen our corporate governance framework to allow greater transparency and fast-track management decision-making processes, and reinforce management oversight. One of the ways the Group does this is by adopting the criteria used to score the Singapore Governance and Transparency Index (SGTI) ranking for SGX companies administered by the National University of Singapore Business School for Governance, Institutions and Organisation, CPA Australia, and the Singapore Institute of Directors.

Currently in its eighth year, the SGTI score uses an enhanced framework with an updated section on stakeholder engagement. It has a total of five assessment areas - 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.

According to a Business Times report on 4 August 2016, OKP's 2016 ranking is 37, up from its 2015 ranking of 53. The Group's overall SGTI score in 2016 was 80, an improvement from the SGTI score of 69 in 2015. The SGTI results were based on a study of 631 companies which released their annual reports by 31 May 2016. Thus, it can be seen that OKP has strengthened its corporate governance.

We also aim to proactively engage the investment community and demonstrate greater transparency to shareholders, investors and other interested parties so that they are being kept up-to-date on corporate developments and able to make well-informed decisions with regard to their investments. We believe that this transparency contributes greatly towards a better understanding of the Group and its activities, and allows the investing public to assess how well the company is performing.

As a responsible organisation which is committed to good corporate governance, the Group fully supports 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 Group manages its business and how it communicates with its shareholders. The 7th Corporate Governance Week with the theme "Change & Innovation in Governance" was held from 26-30 September 2016 with OKP representatives participating in the event.

- **INVESTOR RELATIONS POLICY**
  We have a clear IR policy, which is to ensure fair, open and ethical business dealings with all our stakeholders. We make certain that OKP discloses relevant and material information according to these basic principles and in accordance with the SGX's rules. At OKP, we are proactive in providing shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the movement of our share price.

  We have been well recognised for our excellence in IR and commitment to good corporate governance. This is

OKP's senior management engaging with a shareholder after the annual general meeting.

INVESTOR RELATIONS

evident by the numerous awards and accolades which the company has won in recent years, namely:

- Runner-up in the Most Transparent Company Award for 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;

OKP's award-winning annual report 2015.

OKP won the Best Annual Report (Gold) in the "Companies with less than $300 million market capitalisation" category at the Singapore Corporate Awards 2016.

- 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.

- **DIVIDEND POLICY**
  At OKP, 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 47.8 per cent over the past five years.

ENGAGING ACTIVELY WITH SHAREHOLDERS

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

- **ANNUAL GENERAL MEETING**
  One of the most important channels to communicate with investors is the annual general meeting (AGM), which is held every April. Besides providing an opportunity for investors to bring up concerns and seek clarification, the AGM also enables the Board of Directors and senior management team to interact and respond directly to them. All Board members attend and answer questions from shareholders relating to the past, current and future directions of the Group's business, explain decisions made and address any concerns raised. The company takes full advantage of the AGM to brief shareholders of OKP's latest developments and provide an opportunity for shareholders to ask questions and vote on the resolutions being tabled. All directors are expected to attend the AGM,

especially the Chairpersons of the Audit, Nominating and Remuneration committees. Shareholders may also submit written questions relating to the statutory audit report and we will respond in a timely manner to their questions.

- **ANNOUNCEMENTS OF CORPORATE DEVELOPMENTS**
  We keep our investors up-to-date on the Group's developments by issuing timely announcements on new contracts, strategic developments, financial results and other important information through the SGXNET website, press releases, email alerts and OKP's investor-friendly website.

  Our investor relations website is a key channel through which we broadcast our news to the investment community. It is a resource for corporate, financial and stock information, and announcements of significant business developments. It also houses OKP's quarterly results and annual reports. Since 2003, our website has featured webcasts comprising videos of full-year results messages plus presentation slides.

  All OKP's announcements are posted immediately on its website, following its release to the SGX to ensure fair, equal and prompt dissemination of information. Thus, all shareholders and investors can keep track of the Group's latest business developments quickly and effectively.

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

  The Group was featured in various newspapers, journals, magazines and broadcast media. These included The Business Times, Lianhe Zaobao, The Straits Times, The Edge Singapore, Singapore Business review, Today Online, Shares Investment, Biz Daily Online, Reuters, Channel NewsAsia, High Net Worth, BT Invest, i3investor.com and Inside Invest magazine. For example, Lianhe Zaobao featured an article on OKP with the heading "建路造桥治水50载" on 11 December 2016. It discussed OKP as a listed company with 50 years of infrastructure construction expertise, recounted OKP founder Mr Or Kim Peow's entrepreneurial journey and Group Managing Director Mr Or Toh Wat's career in the company.

  Another published article "This fight is everybody's business" was featured in the Business Times on 19 September 2016. In the article, Group Managing Director Mr Or Toh Wat was one of 11 industry leaders, who gave their views on the impact of Zika in Singapore.

- **ANNUAL REPORT**
  Our annual report is an important and vital communication tool for stakeholders and other interested parties. We therefore take great care to ensure that this publication gives a clear and accurate picture of our activities during the year as well as our developments, policies and strategic direction in the near future. The annual report and accounts and the notice of AGM are sent to shareholders at least 20 working days before the meeting.

  Our efforts have paid off and OKP's 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
  - Second runner-up at 30th Annual Report Awards 2004 in the SESDAQ-listed companies category organised by the Institute of Certified Public Accountants of Singapore, Investment Management Association of Singapore, Securities Investors Association (Singapore), Singapore Institute of Management, Singapore Institute of Directors, Singapore Exchange Limited and The Business Times.

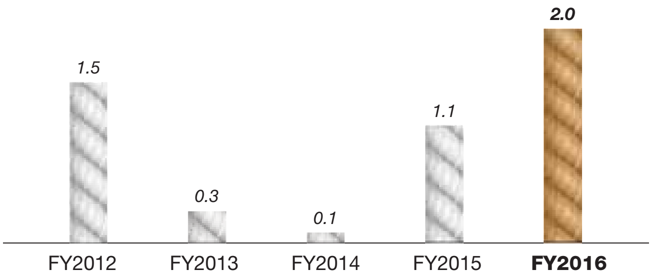
- **COMMUNICATING ONLINE**
  Technology is an important and useful to reach out to our shareholders and other stakeholders. Thus, we make full use of technology by organising an annual webcast to communicate with our investors, taking questions online via an Online Management Question-and-Answer forum with investors through Shareinvestor.com.Through this forum, all stakeholders and other interested parties are able to email their feedback and queries to OKP's management and be assured of a timely response. Our website is regularly updated to provide the latest information on our operations and corporate developments.

INVESTOR RELATIONS

BASIC EARNINGS PER ORDINARY SHARE
Cents

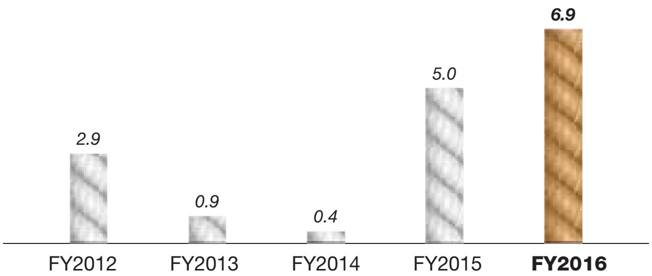
As a result of the increase in profit after tax, basic earnings per ordinary share increased from 2.3 cents in FY2015 to 4.7 cents in FY2016.

GROSS DIVIDEND PER ORDINARY SHARE
Cents



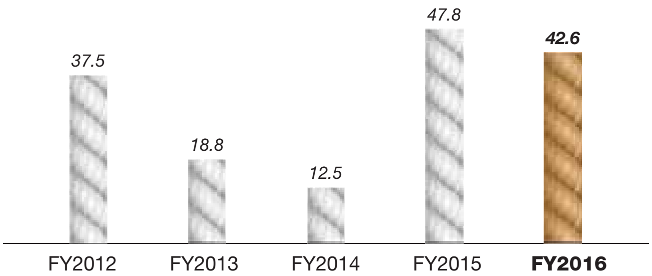
The Company paid an interim dividend of 0.5 cent per share on 27 September 2016 and the Board has proposed a final dividend of 0.7 per share and special dividend of 0.8 cent per share for FY2016 for the approval of shareholders at the forthcoming annual general meeting of the Company.

GROSS DIVIDEND YIELD
Per cent



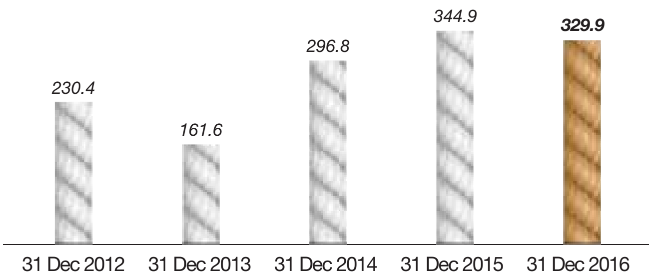
The gross dividend yield of 6.9 per cent is calculated based on the share price of 29.0 cents as at 31 December 2016.

GROSS DIVIDEND PAYOUT
Per cent



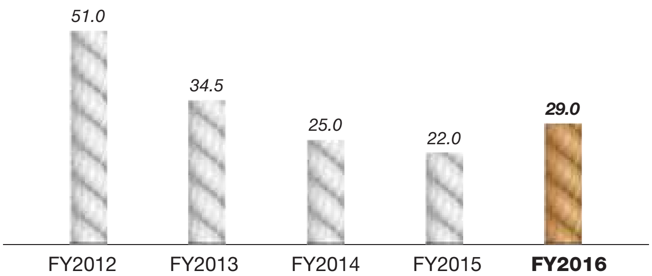
The Company paid an interim dividend of 0.5 cent per share and the Board has proposed total final and special dividends of 1.5 cent per share for FY2016 representing a dividend payout ratio of 42.6 per cent.

NET CONSTRUCTION ORDER BOOK
$'Million



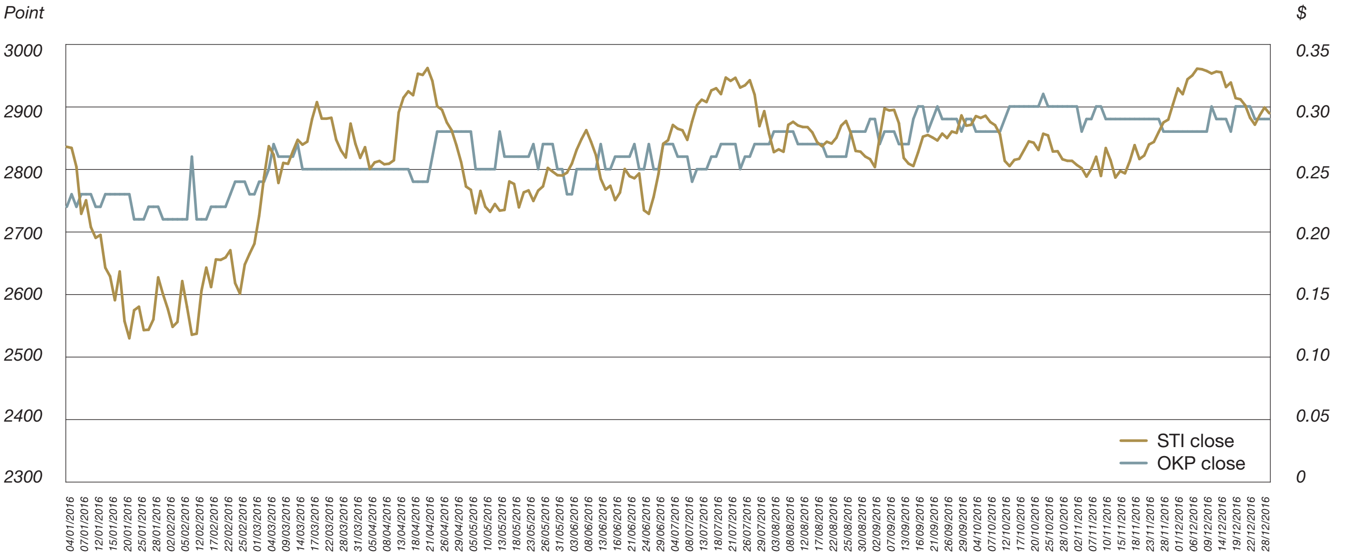
The Group's net construction order book stood at $329.9 million, with revenue visibility extending to 2019.

SHARE PRICE
$ Cents



The price of our shares closed at 29.0 cents as at 31 December 2016.

OKP SHARE PRICE VS STI 2016



	2012	2013	2014	2015	2016
Highest Price	$0.66	$0.56	$0.37	$0.26	$0.31
Lowest Price	$0.49	$0.32	$0.25	$0.19	$0.21
31 December Closing Price	$0.51	$0.34	$0.25	$0.22	$0.29

FINANCIAL CALENDAR

FY2017	
20 February	Announcement of full year results for financial year 2016
3 April	Despatch of Annual Report
24 April	Fifteenth Annual General Meeting
3 May	Books Closure for Dividend Entitlement
May	Announcement of first quarter results for financial year 2017
17 May	Payment of FY2016 Final and Special Dividends
July/August	Announcement of second quarter and half year results for financial year 2017
October/November	Announcement of third quarter and nine months results for financial year 2017

FY2016	
23 February	Announcement of full year results for financial year 2015
1 April	Despatch of Annual Report
18 April	Fourteenth Annual General Meeting
3 May	Books Closure for Dividend Entitlement
9 May	Announcement of first quarter results for financial year 2016
17 May	Payment of FY2015 Final and Special Dividends
1 August	Announcement of second quarter and half year results for financial year 2016
27 September	Payment of FY2016 Interim Dividend
8 November	Announcement of third quarter and nine months results for financial year 2016

CORPORATE GOVERNANCE REPORT (CONT'D)

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 (the Code).

We have presented our corporate governance policies and practices on each of the principles of the Code in a tabular form, stipulating each principle and guideline, and explaining any deviations from the Code and taking consideration the Disclosure Guide provided by the SGX-ST on 29 January 2015. The Board of Directors is pleased to confirm that for the financial year ended 31 December 2016, the Company has adhered to the principles and guidelines of the Code as well as the Listing Manual of the SGX-ST where appropriate.

1. BOARD MATTERS

The Board's Conduct of its Affairs

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

Our Policy and Practices:

Guideline 1.1 of the Code: The Board's role

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

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

One-third of the Board is made up of Independent Directors who are independent of the Management and 10% 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 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.

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

The Board held four scheduled meetings in the financial year ended 31 December 2016. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

Guideline 1.4 of the Code: Board to meet regularly

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2016 is disclosed below:–

	Board	Board Committees		
		Audit	Remuneration	Nominating
Number of scheduled meetings held	**4**	**4**	**1**	**1**
Name of Directors				
Mr Or Kim Peow	4	*4	*1	*1
Mr Or Toh Wat	4	*4	*1	*1
Mdm Ang Beng Tin	3	*3	*1	*1
Mr Or Kiam Meng	4	*4	*1	*1
Mr Oh Enc Nam	4	*4	*1	*1
Mr Or Lay Huat Daniel	4	*4	*1	*1
Dr Chen Seow Phun, John	4	4	1	1
Mr Nirumalan s/o Kanapathi Pillai	4	4	1	1
Mr Tan Boen Eng	4	4	1	1

(*) – attendance by invitation of the relevant Committee

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

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

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

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

Guideline 1.5 of the Code: Matters requiring Board approval

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guidelines 1.6 of the Code: Directors to receive appropriate training

All the Directors are informed and encouraged to attend seminars, courses and other programmes, particularly on relevant new laws, regulations and changing commercial risks, from time to time, in order to discharge their duties as directors. The training programmes are conducted by the SID, Singapore Exchange, and business and financial institutions and consultants. All the costs are borne by the Company. During the financial year, some of the Directors attended Family Business Governance and Succession conducted by the SID and Corporate Governance Workshop – Organisational Performance and Sustainability with Good Governance organised by Securities Investors Association (Singapore).

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.

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

Board Composition and Guidance

Principle 2: ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.***

Our Policy and Practices:

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

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

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.

Guideline 2.2 of the Code: Independent directors to make up at least half of the Board in certain circumstances

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 Code's definition of what constitutes an "independent" Director in its review. The NC takes into account, among other things, whether a Director has business relationships with the Company, its related companies, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

Guideline 2.3 of the Code: Disclosure of Directors considered to be independent

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. The total deposit received by Niru & Co LLC in FY2016 amounted to $2,000. As such, the NC considers Mr Niru to be independent.

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. It is also noted that each of them is able to exercise objective judgement on commercial and corporate governance matters independently. They seek clarification as they deem necessary, with direct access to the Management. As such, the Board would exercise its discretion to extend the term and retain the services of the Director rather than lose the benefit of his or her contribution. After due consideration and careful assessment, the NC and the Board are of the view that Dr Chen Seow Phun, John, Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng continue to be considered independent, notwithstanding that they have served on the Board for more than nine years.

Guideline 2.4 of the Code: Independence of Director who has served on the Board beyond nine years should be subject to rigorous review

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.

Guideline 2.5 of the Code: Board to determine its appropriate size

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.

Guideline 2.6 of the Code: Board to comprise Directors with core competencies

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, one out of the nine Board members is female.

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guideline 2.7 of the Code: Role of non-executive directors

The Independent Directors meet amongst themselves without the presence of the Management when necessary.

Guidelines 2.8 of the Code: Regular meetings of non-executive directors

Note:
(1) According to the Code, an "independent" Director is defined as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

Chairman and Chief Executive Officer

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

Our Policy and Practices:

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

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

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

Guideline 3.2 of the Code: Chairman's role

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

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

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

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

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

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

Guideline 3.3 of the Code: Appointment of LID

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

Guideline 3.4 of the Code: Led by the LID, independent directors to meet periodically

Board Membership

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

Our Policy and Practices:

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

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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

Guideline 4.2 of the Code: NC to recommend to the Board on certain relevant matters

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.

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

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

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

Currently, the Company does not have alternate directors.

Guideline 4.5 of the Code: Boards should avoid approving the appointment of alternate directors.

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

Guideline 4.6 of the Code: Description of process for selection and appointment of new Directors to be disclosed

(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.

Guideline 4.7 of the Code: Key information regarding 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' Statement" section of the Annual Report.

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

Name	Age	Position	Date of initial appointment	Date of last re-election
Mr Or Kim Peow	82	Group Chairman	15 February 2002	18 April 2016
Mr Or Toh Wat	49	Group Managing Director	15 February 2002	Not Applicable
Mdm Ang Beng Tin	61	Executive Director	20 March 2002	27 April 2015
Mr Or Kiam Meng	52	Executive Director	20 March 2002	28 April 2014
Mr Oh Enc Nam	61	Executive Director	20 March 2002	18 April 2016
Mr Or Lay Huat Daniel	39	Executive Director	1 August 2006	18 April 2016
Dr Chen Seow Phun, John	63	Lead Independent Director	25 June 2002	28 April 2014
Mr Nirumalan s/o V Kanapathi Pillai	64	Independent Director	1 June 2005	27 April 2015
Mr Tan Boen Eng	84	Independent Director	25 June 2002	18 April 2016

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

Mr Or Kim Peow, Mr Or Kiam Meng and Dr Chen Seow Phun, John will retire by rotation at the forthcoming AGM and be subject to re-election by the Company's shareholders.

<u>**Board Performance**</u>

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

Our Policy and Practices:

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guidelines 5.1 and 5.2 of the Code: Board to implement process to address how the Board's performance may be evaluated and disclose the process in Annual Report

(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. 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 2016.

(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 2016.

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.

Guidelines 5.3 of the Code: Evaluation of each Director whether he/she continues to contribute effectively

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2016.

Access to Information

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

Our Policy and Practices:

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

Guidelines 6.1 and 6.2 of the Code: Board should have separate and independent access to Management; Management obliged to provide Board with adequate and timely information and include background and explanatory information

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.

Guidelines 6.3 of the Code: Directors should have separate and independent access to Company Secretary; role of Company Secretary to be clearly defined

The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Guidelines 6.4 of the Code: Appointment and removal of Company Secretary

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Our Policy and Practices:

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

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

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

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.

Guideline 7.2 of the Code: RC to review and recommend to the Board a general framework of remuneration for the Board and key management personnel

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

Guideline 7.3 of the Code: RC to seek expert advice

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

Guideline 7.4 of the Code: RC to review the Company's obligations in event of termination of executive directors and key management personnel

Level and Mix of Remuneration

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

Our Policy and Practices:

The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed component comprises basic salary plus other fixed allowances. The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2016, variable or performance related income/bonus made up 45.0% to 55.0% of the total remuneration of each Director. The remuneration package is designed to enable the Company to stay competitive and allows the Company to better align executive compensation with shareholder value creation.

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

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.

Guideline 8.2 of the Code: Long-term incentive schemes are encouraged

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

Guideline 8.3 of the Code: Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guidelines 8.4 of the Code: To consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors

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

Disclosure on Remuneration

Principle 9: ***Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

Our Policy and Practices:

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

Guidelines 9.1, 9.2 and 9.3 of the Code: Remuneration of Directors and top 5 key management personnel

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.

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2016 is as follows:

The level and mix of remuneration of each Director for the financial year ended 31 December 2016

Remuneration Band & Name of Director	Base/ fixed salary *	Variable or performance related income/ bonuses	Directors' fees **	Directors' Allowance	Benefits–in–kind	Total
$750,000 to $999,999						
Mr Or Kim Peow	43.0%	45.0%	–	9.0%	3.0%	100.0%
$500,000 to $749,999						
Mr Or Toh Wat	36.0%	54.0%	–	8.0%	2.0%	100.0%
Mdm Ang Beng Tin	35.0%	54.0%	–	8.0%	3.0%	100.0%
Mr Or Kiam Meng	35.0%	54.0%	–	8.0%	3.0%	100.0%
Mr Oh Enc Nam	36.0%	55.0%	–	8.0%	1.0%	100.0%
Mr Or Lay Huat Daniel	36.0%	54.0%	–	8.0%	2.0%	100.0%
Below $250,000						
Dr Chen Seow Phun, John	–	–	100%	–	–	100.0%
Mr Nirumalan s/o V Kanapathi Pillai	–	–	100%	–	–	100.0%
Mr Tan Boen Eng	–	–	100%	–	–	100.0%

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 2016 is as follows:

The level and mix of remuneration of each key management personnel for the financial year ended 31 December 2016

Remuneration Band & Name of Key Executive	Base/fixed salary *	Variable or performance related income/bonuses	Benefits-in-kind	Total
$250,000 to $499,999				
Ms Ong Wei Wei	72.0%	25.0%	3.0%	100%
Below $250,000				
Mr Or Yew Whatt (1), (3)	65.0%	35.0%	–	100%
Mr Oh Kim Poy (2), (3)	71.0%	29.0%	–	100%

* Inclusive of allowances and Central Provident Fund contributions

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

(1) Mr Or Yew Whatt is the nephew of Mr Or Kim Peow, the Group Chairman and the brother of Mr Oh Enc Nam, the Executive Director.

(2) Mr Oh Kim Poy is the brother of Mr Or Kim Peow, the Group Chairman.

(3) Both Mr Or Yew Whatt and Mr Oh Kim Poy are directors of a subsidiary of the Company.

The total remuneration paid to the above key management personnel for the financial year ended 31 December 2016 was $681,309 (FY2015: $669,810).

CORPORATE GOVERNANCE REPORT (CONT'D)

Save as disclosed above, there was no employee of the Company and its subsidiaries who was an immediate family member of a Director and whose remuneration exceeded $50,000 during the financial year ended 31 December 2016. "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 $50,000.

Guideline 9.4 of the Code: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds $50,000

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

Guideline 9.5 of the Code: Details of employees share schemes

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

For the financial year ended 31 December 2016, all the Executive Directors were entitled to receive the incentive bonuses under their respective service agreements according to the performance conditions met.

Guideline 9.6 of the Code: To disclose information on the link between remuneration paid to the Executive Directors and key management personnel, and performance.

3. ACCOUNTABILITY AND AUDIT

<u>**Accountability**</u>

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

Our Policy and Practices:

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

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

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

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

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

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.

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

<u>**Risk Management and Internal Controls**</u>

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

Our Policy and Practices:

The Board is responsible for the governance of risk and sets the direction for the Group in the way risks are managed in the Group's businesses. In addition, the Company's approach to risk management is set out in the "Risk Assessment and Management" section on pages 110 to 118 of this Annual Report.

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

Guideline 11.1 of the Code: Board to determine the Company's levels of risk tolerance and risk policies

The AC reviews the adequacy of the Group's risk management framework and internal control systems including financial, operational, compliance and information technology controls on an annual basis. In August 2012, the AC 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.

Guideline 11.2 of the Code: Board to review adequacy of risk management and internal control systems

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

Guideline 11.3 of the Code: Board to comment on the adequacy and effectiveness of the internal controls

The Management has made reference to the report prepared in August 2012 and reported to the AC for the financial year ended 31 December 2016, on the Group's risk profile, the status of the risk mitigation action plans and updates on the following areas:

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

Based on (i) the Group's framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; (iii) the work performed by the internal and external auditors; (iv) the written confirmation from the Group 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 effective, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, as at 31 December 2016.

SGX Listing Rule 1207 (10)

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.

Guideline 11.4 of the Code: Board to assess appropriate means to assist in carrying out its responsibility of overseeing the Company's risk management framework and policies

Audit Committee

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

Our Policy and Practices:

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

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

Guideline 12.1 of the Code: AC should comprise at least three directors, all non-executive, and the majority of whom, including the Chairman, are independent

The AC 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.

Guideline 12.2 of the Code: Board to ensure AC members are qualified

The AC is authorised to investigate any matter within its terms of reference, and has full access to, and cooperation of, the Management. The AC has full discretion to invite any Director or executive officer to attend its meetings, as well as access to reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the independent auditors.

The AC met four times in the financial year ended 31 December 2016 and the Executive Directors were invited to attend the meetings.

Guideline 12.3 of the Code: AC to have explicit authority to investigate and have full access to Management and reasonable resources

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:

Guideline 12.4 of the Code: Duties of AC

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

The AC met with the external auditors four times during the financial year ended 31 December 2016 and once in February 2017 without the presence of the Management. These meetings enable the external auditors to raise issues encountered in the course of their work directly to the AC. The AC also met with the internal auditor without the presence of the Management once during the financial year ended 31 December 2016.

Guideline 12.5 of the Code: AC to meet external and internal auditors without the presence of management, annually

CORPORATE GOVERNANCE REPORT (CONT'D)

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were reviewed by the AC and discussed with the Management and the external auditors:

Significant Matters	How the AC reviewed these matters and what decisions were made
Revenue recognition of long-term contract accounting in construction and maintenance segments	The AC considered the approach and assessed the reasonableness of the Management's estimates of costs to complete the contract. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. For more details, please refer to page 123 of this Annual Report. 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.
Impairment of property, plant and equipment	The AC considered the appropriateness of the Management's judgement of the estimated useful lives of the property, plant and equipment. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. For more details, please refer to page 124 of this Annual Report. The AC has assessed and concurred with the Management's assessment that no impairment was necessary as at 31 December 2016 as there was no indication of impairment.
Impairment of loans to joint venture and associated company	The AC considered the Management's assessment of the impairment allowance to be provided in respect of the loans extended to a joint venture and an associated company. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. For more details, please refer to page 125 of this Annual Report. The AC concurred with the Management's assessment and conclusion on the recognition of additional impairment allowance for a loan to an associated company, CS Amber Development Pte Ltd, as at 31 December 2016 and that the disclosures in the financial statements were appropriate.
Goodwill impairment assessment	The AC considered the methodology applied in goodwill impairment assessment and the Management's key assumptions used in the valuation model. The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. For more details, please refer to page 125 of this Annual Report The AC was satisfied with the Management's assessment and concurred with the Management that no allowance for goodwill impairment was to be made as at 31 December 2016.

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 paid by the Company to the external auditors for audit and non-audit services (namely, tax advice) amounted to $138,000 (2015:$134,000) and $25,400 (2015:$31,520) 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.

Guideline 12.6 of the Code: AC to review independence of external auditors annually

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.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

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 current audit partner of Nexia TS Public Accounting Corporation has been in charge of the audit of the Group since the financial year ended 31 December 2013.

<u>Whistle-Blowing Policy</u>

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.

Guideline 12.7 of the Code: AC to review arrangements for staff to raise concerns/ possible improprieties to AC

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

(a) All cases reported are objectively investigated, treated fairly and, to the extent possible, be protected from reprisal;
(b) Appropriate remedial measures are taken where warranted; and
(c) Appropriate action is taken to correct the weaknesses in the existing system of internal processes and policies which allowed the perpetration of the fraud and/or misconduct, and to prevent a recurrence.

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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 2016, the changes in accounting standards did not have any significant impact on the Company's financial statements.

Guideline 12.8 of the Code: AC to keep updated on changes to accounting standards

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

Guideline 12.9 of the Code: Director of Company's existing auditing firm should not act as member of the AC

Internal Audit

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

Our Policy and Practices:

The AC selects and approves the appointment of the internal auditors (IA). The Company has outsourced its internal audit function to HLS Risk Advisory Services Pte Ltd during the financial year ended 31 December 2016. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

Guideline 13.1 of the Code: IA to report to AC Chairman

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

Guideline 13.2 of the Code: AC to ensure internal audit function is adequately resourced

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.

Guideline 13.3 of the Code: Internal audit function staffed with relevant experienced personnel

The AC had reviewed and approved the internal audit plan and reviewed the results of the internal audit. The AC is satisfied that the internal audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Guideline 13.4 of the Code: IA should meet standards set by internationally-recognised professional bodies

The internal auditor plans its internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

Guideline 13.5 of the Code: AC to ensure adequacy and effectiveness of the internal audit function

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified. 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 RESPONSIBILITIES

<u>Shareholder Rights</u>

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

Our Policy and Practices:

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONT'D)

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.

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

Communication with Shareholders

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

Our Policy and Practices:

The Company has a dedicated Investor Relations (IR) team which regularly communicates with shareholders, analysts or investors through e-mail communication and telephone to update them on the latest corporate development and at the same time address their queries. For details on the Group's IR activities, please refer to the IR section on pages 78 to 83 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.

Guidelines 15.1 and 15.2 of the Code: Company to devise an effective investor relations policy to regularly convey pertinent information to shareholders and disclose information on a timely basis through SGXNET

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 2016, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

Guideline 15.3 of the Code: Company to establish and maintain regular dialogue with shareholders

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.

Guideline 15.4 of the Code: Steps that the Company takes to solicit and understand the views of the shareholders

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.

Guideline 15.5 of the Code: Companies are encouraged to have a dividend policy

Over the past five years, the Group has declared total annual dividends at the rate of approximately 18.8% to 47.8% 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.

Conduct of Shareholder Meetings

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

Our Policy and Practices:

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

Guideline 16.1 of the Code: Shareholders should be allowed to vote in absentia

The Company believes in encouraging shareholder participation at general meetings. The Articles of Association of the Company allow a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. 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 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.

Guideline 16.2 of the Code: Company should avoid "bundling" resolutions

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

Guideline 16.3 of the Code: Committee Chairman and external auditors to be present at AGM

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

Guideline 16.4 of the Code: Minutes to be available to shareholders

CORPORATE GOVERNANCE REPORT (CONT'D)

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages after the conclusion of the AGM. The Company adopts a non-electronic poll system due to the relatively low number of shareholders attending the AGM. The Company appoints an independent external party as scrutineer for the poll voting process. Prior to the AGM, the scrutineer will review the proxies and the poll voting system, and attend at the proxy verification process, to ensure that the proxy and poll voting procedures are complied with. During the AGM, the scrutineer ensures that polling has been properly carried out.

Guideline 16.5 of the Code: Company to put all resolutions to vote by poll

The Company informs the shareholders of the voting procedures and ensures that the shareholders are given the opportunity to participate effectively in and vote at the AGM.

5. SECURITIES TRANSACTIONS

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The Code has been modelled 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.

6. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of financial year ended 31 December 2016 or if not then subsisting, entered into since the end of the financial year ended 31 December 2015.

7. INTERESTED PERSON TRANSACTIONS

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

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

There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above $100,000 entered into by the Group during the financial year ended 31 December 2016. However, the following is disclosed for completeness:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year ended 31 December 2016 (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year ended 31 December 2016 conducted under shareholders' mandate pursuant to Rule 920
	$'000	$'000
Niru & Co LLC – Deposit paid	2	–

Note:

(a) Mr Nirumalan s/o V Kanapathi Pillai, the Independent Director of the Company, is the Senior Director of Niru & Co LLC.

8. UTILISATION OF PROCEEDS

Exercise of 61,139,186 warrants at $0.20 for each share as at 4 January 2013 raising net proceeds of $12.2 million

Use of proceeds	Amount allocated ($'million)	Amount utilised ($'million)	Balance amount ($'million)
To be used as general working capital for the Company	12.22	10.72	1.50

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.

RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in all business enterprises, and therefore, managing risks is a very important aspect of business management. We actively monitors and manage our exposure to risks relating to our industry. We are committed to strengthening our risk management framework in order to provide reasonable assurance that risks are minimised. We do this by pro-actively ensuring the integrity of our financial reporting, integrating management control into daily operations, and ensuring compliance with legal requirements.

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

We have identified the following 25 risks that we face and explain below how we address them:

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
1.	Dependence on the construction industry in Singapore	
	We are exposed to cyclical fluctuations in the economy as the construction business depends largely on the health of the infrastructure market in Singapore. This is in turn subject to the general health of the Singapore economy. An economic downturn could dampen general sentiments in the infrastructure market and reduce construction demand. This would invariably have an adverse effect on our business and financial performance.	The Singapore market has remained our primary source of revenue since our inception. The prevailing general economic, political, legal and social conditions would affect our financial performance and operations. As a major part of our revenue is derived from public sector projects, we would be likely to benefit from any pump priming by the Government. On the other hand, the reverse is also true and any move by the Government to scale back on expenditure relating to road construction and maintenance could have a negative effect on our business. We seek to diversify our earnings in order to mitigate against our dependence on Government spending in Singapore.

No	Description of Risks	Our Risk Management
	Risks Related to Our Industry	
2.	Impact from changes to applicable government policies	
	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 and any change in government regulations in the course of a project, for example, increasing controls over worksite safety and building standards could result in our Group incurring additional costs to comply with the new regulations. Also, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the operations of our Group. All these could have an adverse effect on our project costs and financial performance.	To mitigate these risks, we would send our project staff regularly for training to keep them updated on changes in government regulations or policies in Singapore and other relevant countries, as well as on new safety and building standards imposed by the regulatory authorities or clients.
3.	Guidelines and regulations by the Building and Construction Authority (BCA)	
	We are guided and regulated by the BCA that also functions as an administrative body for tenders relating to public sector construction projects. The BCA grading is laid out in the BCA Contractors Registry System (CRS). There are seven major registration heads, namely, Construction Workheads (CW), Construction Related (CR) Workheads, Mechanical & Electrical (ME) Workheads, Maintenance Workheads (MW), Trade Heads (TR), Supply Workheads (SY), and Regulatory Workheads (RW). Within each workhead, there are different financial grades which determine a contractor's eligibility to tender for projects of stipulated values. This is based on the BCA's assessment of the financial health of companies through its credit rating system. The different grades serve as a supplementary indicator of the financial standing of construction firms with those of larger firms accorded the top categories of A1, A2 and B1. Both our wholly-owned subsidiaries, Or Kim Peow Contractors (Pte) Ltd 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.	We have been able to maintain our BCA grading since achieving the A1 grades. We continually review our financials and take the necessary measures to improve our financial management where necessary.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
4.	Increased competition could adversely affect our competitive position	
	Our business is project-based and contracts are generally awarded through a tender process. Most of our projects are undertaken on a non-recurring basis. It is critical that we are able to continuously and consistently secure new projects of similar 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. In addition, as we face increased competition in the tender process, we may be forced to lower our tender prices to secure projects, and this could affect our profit margins. A majority of our projects are secured through open tenders. There is an increase in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, thus intensifying competition. If our competitors are more aggressive in pricing or respond faster to changes in market conditions than OKP, this may cause us a loss of tender bids or the lowering of our profit margin to help us stay competitive. Thus, our financial performance and financial conditions may be adversely affected in the face of greater competition.	Price is often cited as a key factor affecting the award of a contract although experience, reputation, availability, equipment and safety record are just as important. We believe that the Group's solid expertise and extensive experience in road construction and road maintenance put us in a strong position to tender competitively for both government and private sector projects. We have a long operating history and an excellent track record and over the years, we have shown distinctively that we are able to deliver superior quality, value-added services on time and within budget.
5.	Price fluctuations and availability of construction materials	
	We are exposed to fluctuations in the prices of construction materials, which include granite, cement, ready-mix concrete, asphalt and reinforced steel bars. Fluctuations in the prices of these construction materials are a function of demand and supply, here and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements. Should there be a significant increase in the prices of construction materials or should the Group fail to secure the requisite supply of construction materials at reasonable price levels, the Group's business and profitability will be affected.	We are 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.
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 higher prices for more desirable land sites. They may thus undertake more profitable and attractive property development projects. As such, 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 diligently and may introduce new policies, or amend or remove existing policies at any time. If the Government regulates the property market with stringent measures, our operations and financial performance may be adversely affected. There is also no certainty that there will be demand for our projects despite our projections and expectations. This may affect our business objectives and sales target, thus impacting our profitability.	Our core business is still in civil construction and although we are growing the property development business, it is not our key business.

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
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 to put in place succession plans for young leaders to eventually take over the helm. The management and leadership team at OKP is robust. Our experienced and committed management team comprises our Group Chairman, Mr Or Kim Peow; Group Managing Director, Mr Or Toh Wat; and four Executive Directors – Mdm Ang Beng Tin, Mr Or Kiam Meng, Mr Oh Enc Nam and Mr Or Lay Huat Daniel. Mr Or Kim Peow, who is the founding member of the Group, has more than 57 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of the Group including determining its strategies and ensuring effective succession planning for all key positions within OKP. Group Managing Director, Mr Or Toh Wat, who has more than 25 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 31 years' experience and Mr Oh Enc Nam has more than 37 years' experience in the construction industry. Mdm Ang Beng Tin has more than 42 years' of experience in administration and human resources. The Group's success and growth now and in the future will also be dependent on its ability to retain the services of our executive team members and key management staff. In the event that OKP loses any of their services without finding timely and suitable replacements, or if we are unable to attract and retain new key staff with relevant qualifications and experience, 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 hired key members of our team, who join them after leaving their positions at OKP. If we need to increase staff compensation in order to attract and retain our existing key employees or hire any additional staff, there would be an adverse impact on our financial performance.	We have included younger members in our management team. For example, Mr Or Lay Huat Daniel, 39 years old, has gained much experience and knowledge since joining the company in 2003. He is currently responsible for business development and corporate communications. The management is preparing a list of potential successors and is assessing them against a checklist of leadership attributes. Plans are being put in place to develop these candidates via training and development. In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits.
8.	Dependence on private sector clientele for a portion of our revenue	
	Over the years, we have tapped on the private sector increasingly for projects so as to lessen our reliance on the public sector. Since early 2006, we have undertaken a number of projects in the oil and gas industry in Singapore. This move sees us reducing our dependence on our public sector clientele but it has also increased the uncertainty over the timeliness of collection of trade receivables.	Our response to this is to adopt a selective approach to our potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.
9.	Liability claims and disputes	
	We are exposed to potential claims against defective workmanship, non-compliance with contract specifications or disputes over variations. Should we fail to complete any of the projects, which we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, financial compensation may have to be paid to our customers. It is a general practice that we provide customers with retention sums or performance bonds of up to 5 per cent of the contract value. In the event that projects are delayed, or if any claims for defects are made, whether or not they are due to our fault or that of our suppliers or subcontractors, these retention sums or performance bonds could be forfeited.	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.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
10.	Exposure to cost overruns	
	Controlling costs is an important aspect of our business as cost overruns could erode our profit margin for a project. Should this occur, our overall profitability could be affected. The following scenarios are some examples of how a cost overrun could occur: (i) When incorrect estimations of costs are made during the tender stage; (ii) When unforeseen circumstances such as adverse ground conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite, arise during the course of construction; and/ or (iii) When delays are experienced in the execution of projects.	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 effectively.
11.	Dependence on foreign workers and exposure to labour shortages or changes in labour policies	
	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. In Singapore, the supply of foreign workers is subject to the policies imposed by the Ministry of Manpower, as well as the policies of the countries in which these workers are domiciled. Changes in labour policies in these countries of origin may influence the supply of foreign labour and increase hiring costs, causing unnecessary disruptions to our operations and resulting in unwanted delays in the completion of projects. Increases in foreign workers' levies would also affect us and may decrease our earnings.	Although we do face big constraints in hiring foreign labour currently, we make every effort to retain those who are currently with us, for example, by enhancing their skills through periodic training and upgrading. In this way, we can also increase our productivity.
12.	Dependence on professional and skilled staff	
	The construction industry is dependent on skilled and experienced engineers and project staff to ensure the efficient running of projects onsite. If we fail to retain or face difficulties in hiring people with these competencies, our revenue and profitability may be adversely affected. This problem may be more critical during times when the labour market is tight.	We continually review our hiring and compensation policies to ensure fair remuneration packages are given to retain skilled staff and attract new recruits.
13.	Excessive warranty claims	
	It is a general practice in the construction industry to provide limited warranty for construction projects, which covers defects and any premature wear-and-tear of the materials used. Rectification and repair works covered under such warranties would not be chargeable to customers. In the event that there are disproportionate warranty claims for rectification and repair works, our financial performance would be adversely affected.	With our strong focus on quality and workmanship, we have not experienced significant warranty claims for the past five financial years.
14.	Financial risks	
	The Group's activities expose it to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to currency risk, OKP is exposed to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, the Group is also subjected to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counter party may default on its contract obligations, thus resulting in financial loss to OKP. With regard to liquidity risk, the Group is exposed to such risk of not having sufficient cash or cash equivalents, or not having sufficient amount of committed credit facilities.	More details on how we manage these risks are found on pages 177 to 184 of the Annual Report (under the Notes to the Financial Statements). To mitigate liquidity risk, we maintain sufficient cash and cash equivalents and ensure that we have an adequate amount of committed credit facilities to enable us to meet our normal operating commitments.

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
15.	Liability for delays in the completion of projects, and any liquidated damages and additional overheads arising from such delays	
	From time to time, due to unforeseen circumstances and events beyond our control, delays in the completion of a project may occur. These delays include unfavourable weather situation, shortage of construction materials or labour disputes, breakdown of equipment and machinery and insufficient deployment of resources. Government directives for the temporary stoppage of work may also cause project delays. If the completion of our projects is delayed, and especially if the delay is due to our failure, we may be liable to pay liquidated damages under the contract, and face further claims from our customers for damages, thus incurring additional costs. If this happens, there will be an adverse impact on our business operations, financial condition and financial performance. There can be no assurance that there will not be any delays in our existing and future projects, thus resulting in the payment of liquidated damages that may materially affect our financial performance and financial condition.	We have put in place a capable team of project managers to monitor the projects closely so as to ensure the smooth progress of the projects and to ensure that they are constructed on time and within budget.
16.	Industry hazards, especially in the oil and gas industry	
	Safety is paramount for all our projects, and this is especially critical in worksites related to the oil and gas industry due to the nature of the operating environment. Our safety controls and guidelines follow strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety policy is based mainly on identifying and applying safe workplace practices at all worksites, for our own as well as sub-contractors' employees. We conduct regular health and safety seminars to inculcate a safety culture for people at all levels, including new recruits, particularly in the first six months of employment. We may be liable for fines and penalties if we breach workplace safety or regulatory requirements and should this come about, our operations and financial performance may be adversely affected.	We have a pool of dedicated safety and environmental control officers, site engineers and site supervisors, who have the responsibility to ensure that all workers and worksites are well equipped with suitable safety management procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety staff are prepared at all times and in the event that industrial accidents happen. We are committed to maintaining our high quality standards, enhancing productivity, and improving workplace safety at all times.
17.	Sub-contracting risks	
	We rely on sub-contractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These sub-contractors are selected based on their competitiveness in terms of pricing, our working experience with them and their past performance. We cannot assume that the services rendered by these sub-contractors will continue to be satisfactory or that they will meet our requirements for quality at all times. In the event of any loss or damage which arises from the default of the sub-contractors engaged by us, we, being the main contractor, will nevertheless be liable for our sub-contractors' default. Furthermore, these sub-contractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our civil engineering projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and results of operations.	We identify good and reliable sub-contractors and minimise risks through checks and referrals. We also make it a point to use reliable sub-contractors, especially those with whom we have worked effectively in earlier projects.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
18.	Liability for any design defects or failure in the civil engineering works	
	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 the Group's part, although we had exercised reasonable degree of skill and care as the main contractor, we may still be liable to the customer under the contract for such failures. As at 31 December 2016, 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.	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.
19.	Accidents at our construction sites	
	Even though we emphasise and have put in place safety measures, accidents may occur at the construction sites for our projects due to the nature of our business. Such mishaps may severely disrupt our operations at the construction sites, and thus, lead to a delay in the completion of a project, resulting in liquidated damages under the contract with our customers. Such accidents may also subject us to claims from workers or other persons involved in such mishaps for 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.	We have a team of experienced safety personnel onsite who monitor closely the construction sites to ensure that workers comply with all safety standards.
20.	Insurance coverage may not be adequate	
	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. We have put in place various insurance policies such as those covering losses including workmen compensation insurance, insurance relating to group hospitalisation and surgical insurance, insurance relating to all risks machinery and equipment, fire insurance, motor vehicle insurance and contractor's all-risks insurance. If such loss or damage exceeds the insurance coverage or is not covered by the insurance policies which we have taken up, we may still be liable to cover the shortfall in the amounts being claimed. Thus, such a situation may adversely impact our financial performance.	We review our insurance policies and coverage on a regular basis to ensure that all reasonably forseeable losses or damages are covered by insurance.

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
21.	Delays in finalisation of the value of additional works under variation orders and certification of completed works by our customers	
	In the course of our projects, we may be instructed and may perform additional works under variation orders before finalisation of the charges for such additional works. As a result, we may have to pay upfront to our suppliers and sub contractors to carry out these additional works even though our customers may not have paid us. There may be delays in the finalisation of the value of the additional works and certificaton of the completed works by our customers. This may adversely affect our operating cash flow.	We have a team of site staff to monitor the progress of additional works under variation orders as required by our customers. This ensures that works under variation orders are actually documented to avoid disputes.
22.	Performance bond guarantee	
	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 bond with the bank and our liquidity and financial position may be adversely affected. 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.	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.
23.	Successful bidding	
	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. And 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.	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.

RISK ASSESSMENT AND MANAGEMENT (CONT'D)

No	Description of Risks	Our Risk Management
	Risks Related to Our Group	
24.	Risk associated with joint ventures	
	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.
25.	General risk associated with doing business outside Singapore	
	We currently have a representative office in Jakarta, Indonesia. We are also exploring opportunities to extend our reach beyond Singapore. 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 company is well-protected against risks such as defaults by clients, partners or sub-contractors.

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DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 129 to 189 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director			**Holdings in which director is deemed to have an interest**		
	As at 31.12.2016	**As at 1.1.2016**	**As at 21.1.2017**	**As at 31.12.2016**	**As at 1.1.2016**	**As at 21.1.2017**
The Company						
No. of ordinary shares						
Or Kim Peow	757,000	757,000	757,000	168,566,910	168,566,910	168,566,910
Or Toh Wat	322,000	322,000	322,000	–	–	–
Ang Beng Tin	323,500	323,500	323,500	–	–	–
Or Kiam Meng	322,000	322,000	322,000	–	–	–
Oh Enc Nam	133,000	133,000	133,000	–	–	–
Or Lay Huat Daniel	322,000	322,000	322,000	–	–	–
Chen Seow Phun, John	–	–	–	38,000	38,000	38,000

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

	Holdings registered in name of director			Holdings in which director is deemed to have an interest		
	As at 31.12.2016	**As at 1.1.2016**	**As at 21.1.2017**	**As at 31.12.2016**	**As at 1.1.2016**	**As at 21.1.2017**
Immediate and Ultimate Holding Corporation						
– Or Kim Peow Investments Pte. Ltd.						
No. of ordinary shares						
Or Kim Peow	97,091	97,091	97,091	–	–	–
Or Toh Wat	58,255	58,255	58,255	–	–	–
Ang Beng Tin	60,272	60,272	60,272	–	–	–
Or Kiam Meng	58,255	58,255	58,255	–	–	–
Oh Enc Nam	21,436	21,436	21,436	–	–	–
Or Lay Huat Daniel	58,255	58,255	58,255	–	–	–

Mr Or Kim Peow, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all the subsidiary corporations.

SHARE OPTIONS

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

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

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

AUDIT COMMITTEE

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

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

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

The Audit Committee has written terms of reference that are approved by the Board and clearly set out its responsibilities. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act and the Code of Corporate Governance (the "Code"). The key terms of reference of the Audit Committee are as follows:

- To review audit plans of the Company's independent auditor and internal auditor, including the results of the independent auditor's and internal auditor's review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the independent auditor's 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 auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- To review the cooperation given by the Management to the independent auditor;

AUDIT COMMITTEE (CONT'D)

- 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 independent audit, and where the independent auditor provide non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the independent auditor;
- 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 Singapore Exchange Securities Trading Limited ("SGX-ST");
- To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor; and
- To review all interested person transactions to ensure that each has been conducted on an arm's length basis.

The Audit Committee met with the independent auditor four times during the financial year ended 31 December 2016 and once in February 2017 without the presence of the Management. They also met the internal auditor once in October 2016. These meetings enable the independent auditor and internal auditor to raise issues encountered in the course of their work directly to the Audit Committee.

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

The Audit Committee has undertaken a review of all non-audit services provided to the Company by the independent auditor and they would not, in the Audit Committee's opinion, affect the independence of the auditor.

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

INDEPENDENT AUDITOR

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

On behalf of the directors

Or Kim Peow
Director

Or Toh Wat
Director

17 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OKP HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of OKP Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 129 to 189.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) **Revenue recognition of long-term contract accounting in construction and maintenance segments**
[Refer to Notes 2.15 and 3 (iii)]

Area of focus

For the financial year ended 31 December 2016, revenue from construction and maintenance segments recognised based on percentage-of-completion ("POC") method amounted to $90,492,271 and $20,606,351 respectively. We focused on revenue recognition for both segments during the year to check that revenue was recorded appropriately.

The revenue recognised is largely dependent on the surveys of work performed. As these contracts are usually long-term, sometimes spanning a number of reporting periods, changes in conditions and circumstances over time can result in variations to the original contract terms, including cost overruns which require further negotiation and settlements resulting in the adjustments of costs. Therefore, the exercise of judgement is required to estimate the profit margins to be recognised on revenue that is recorded in each reporting period.

In the event when it is probable that the total contract costs will exceed the total contract revenue, a provision for all foreseeable losses would be recognised as an expense immediately. This can include, amongst other things, cost overruns which require further negotiation and settlements.

As a result of the judgements required to determine the profit margins to be recognised and the adequacy of provision for foreseeable losses that could arise from the on-going contracts, this is a key focus area in our audit.

Key Audit matters (cont'd)

(1) **Revenue recognition of long-term contract accounting in construction and maintenance segments (cont'd)**

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- reviewed new contracts obtained during the financial year and agreed on the amounts to customer contracts and variation orders. Our testing also included evaluating customer acceptance of the work done to establish whether contractual milestones had been achieved, assessed the impact of any ongoing disputes, and assessed the reasonableness of management's estimates of cost to complete the contract.

- considered the effectiveness of the internal controls over the recording of revenue for both segments and tested the key controls of the internal controls.

- reviewed journal entries posted to revenue accounts to identify if there are any unusual or irregular items and performed analytical reviews on revenue recognised for those significant projects.

- evaluated management's sensitivity analysis to assess the impact on the amount of revenue and contract costs of uncompleted contracts for both segments by reasonable possible changes to these estimates.

- assessed the adequacy of provision for foreseeable losses on the projects by analysis of the estimated total costs exceeding the total contract revenue, identity any major delays and/or cost overruns which might result in loss-making contract.

The Group has adequate policies and procedures in place to review and assess its revenue recognition and provision for foreseeable losses. We found that the judgements exercised by the Group to be reasonable and disclosures to be appropriate.

(2) **Impairment of property, plant and equipment**
[Refer to Note 2.7(ii)]

Area of focus

For the financial year ended 31 December 2016, net book value of property, plant and equipment was $19,417,225. Property, plant and equipment mainly consist of land and building, plant and machinery, and motor vehicles. We focused on this area because management's judgement is required to determine whether there is any indication that these assets may be impaired.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- evaluated the internal and external factors to determine whether there is any indication that any property, plant and equipment may be impaired.

- reviewed the real estate price trend, where available, recent transacted prices and prices of comparable properties in the same vicinity.

We found the assessment that no indications of impairment existed as at 31 December 2016 was a reasonable conclusion.

Key Audit matters (cont'd)

(3) **Impairment of loans to joint venture and associated company**
[Refer to Notes 2.8(v)(a) and 31(ii)(b)]

Area of focus

For the financial year ended 31 December 2016, the loans to joint venture and associated company are $5,753,284 and $19,680,490. Due to the significance of those balances and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter.

The impairment of loans is estimated by management through the application of judgement and use of subjective assumptions. Management has concluded that an additional allowance for impairment amounted to $758,000 is required. This is in relation to the loan extended to an associated company, CS Amber Development Pte Ltd, which the Group has taken into account of the adverse effect on the macroeconomic condition and real estate price trend information in which the associated company operates in. In estimating the impairment, management has applied its knowledge of the business in its regular view on the expected future cash flows.

Management also concluded that no allowance for impairment for loan to joint ventures, Lakehomes Pte Ltd, is required, as they are certain of the repayment of this loan.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- reviewed the real estate price trend, where available, recent transacted prices and prices of comparable properties in the same vicinity.
- reviewed management's assumptions on the expected future cash flows.
- discussed with management on the recoverability of the loans to assess the sufficiency of allowance for impairment.

We found management's assessment of the recoverability of loans to joint venture and associated company to be reasonable and the disclosure to be appropriate.

(4) **Goodwill impairment assessment**
[Refer to Notes 2.7(i) and 3(i)]

Area of focus

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. We focused on this area due to the level of the subjectivity associated with the many assumptions used in estimating the value-in-use of the cash-generating-units ("CGUs") that is required to be made by management, including expectations of future events that are believed to be reasonable under the circumstances.

Key Audit matters (cont'd)

(4) **Goodwill impairment assessment (cont'd)**

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- evaluated the reasonableness of management's estimate of gross margin and growth rate by taking into consideration each CGU's past performance, current market condition and the industry trend.

- challenged management's estimates applied in the value-in-use model based on our knowledge of the operations, by comparing historical forecasts against historical performance to assess management's forecast ability; and by comparing current forecasts against historical performance to assess the reasonableness of the forecasts.

- assessed the discount rates applied, by comparing against internal information and external economic and market data.

- evaluated management's sensitivity analysis to assess the impact on the recoverable amount of each CGU by reasonable changes to the estimated growth rate and discount rate.

We found that the key assumptions made by management were supported by the available evidence and is within a reasonable range of our expectations. We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Low See Lien.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
17 March 2017

BALANCE SHEETS

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	4	74,685,219	54,688,659	3,771,417	3,283,123
Trade and other receivables	5	30,201,838	24,454,316	10,106,864	6,628,766
Construction contract work-in-progress	6	1,502,185	4,238,029	–	–
		106,389,242	83,381,004	13,878,281	9,911,889
Non-current assets					
Investments in subsidiary corporations	7	–	–	17,522,234	17,522,234
Investments in joint ventures	8	5,604,012	2,987,987	–	–
Investments in associated companies	9	973,194	650,390	–	–
Investment properties	10	5,080,000	5,250,000	–	–
Other receivables	11	24,025,774	24,532,473	18,193,878	17,844,278
Financial assets, available-for-sale	12	1,015,305	990,445	–	–
Property, plant and equipment	13	19,417,225	18,205,334	5,211,355	5,511,510
Intangible assets	14	1,712,135	1,770,860	9,600	20,609
		57,827,645	54,387,489	40,937,067	40,898,631
Total assets		164,216,887	137,768,493	54,815,348	50,810,520
LIABILITIES					
Current liabilities					
Trade and other payables	15	43,740,000	29,314,384	8,413,634	6,867,168
Finance lease liabilities	16	1,119,801	949,941	–	–
Current income tax liabilities	27(b)	1,953,336	549,340	18,851	65,445
		46,813,137	30,813,665	8,432,485	6,932,613
Non-current liabilities					
Finance lease liabilities	16	2,027,767	1,637,237	–	–
Deferred income tax liabilities	17	952,724	630,802	4,897	48,862
		2,980,491	2,268,039	4,897	48,862
Total liabilities		49,793,628	33,081,704	8,437,382	6,981,475
NET ASSETS		114,423,259	104,686,789	46,377,966	43,829,045
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	36,832,301	36,832,301	36,832,301	36,832,301
Other reserves	19	1,373,083	1,348,223	–	–
Retained profits	20	76,217,875	66,506,265	9,545,665	6,996,744
Total equity		114,423,259	104,686,789	46,377,966	43,829,045

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $	Group 2015 $
Revenue	21	111,098,622	103,289,822
Cost of works	6	(89,179,149)	(89,521,661)
Gross profit		21,919,473	13,768,161
Other income	23	2,471,676	2,799,656
Expenses			
– Administrative		(10,842,487)	(9,027,774)
– Finance	26	(72,183)	(61,945)
– Share of profit of associated companies and joint ventures	8,9	3,030,130	127,548
Profit before income tax		16,506,609	7,605,646
Income tax expense	27(a)	(2,168,540)	(601,805)
Net profit		14,338,069	7,003,841
Other comprehensive income/(losses), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, available-for-sale			
– Fair value gains/(losses)	19	24,860	(5,000)
Total comprehensive income		14,362,929	6,998,841
Net profit attributable to:			
Equity holders of the Company		14,338,069	7,004,744
Non-controlling interests		–	(903)
		14,338,069	7,003,841
Total comprehensive income attributable to:			
Equity holders of the Company		14,362,929	6,999,744
Non-controlling interests		–	(903)
		14,362,929	6,998,841
Earnings per share attributable to equity holders of the Company (cents per share)	28		
– Basic		4.65	2.27
– Diluted		4.65	2.27

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Attributable to equity holders of the Company						
	Note	Share capital $	Fair value reserve $	Asset revaluation reserve $	Retained profits $	Total $	Non-controlling interests $	Total equity $
2016								
Beginning of financial year		36,832,301	(24,107)	1,372,330	66,506,265	104,686,789	–	104,686,789
Total comprehensive income for the year		–	24,860	–	14,338,069	14,362,929	–	14,362,929
Dividends	29	–	–	–	(4,626,459)	(4,626,459)	–	(4,626,459)
End of financial year		36,832,301	753	1,372,330	76,217,875	114,423,259	–	114,423,259
2015								
Beginning of financial year		36,832,301	(19,107)	1,372,330	60,069,355	98,254,879	49,930	98,304,809
Total comprehensive (loss)/ income for the year		–	(5,000)	–	7,004,744	6,999,744	(903)	6,998,841
Effect of changes in shareholdings in a subsidiary corporation		–	–	–	49,027	49,027	(49,027)	–
Dividends	29	–	–	–	(616,861)	(616,861)	–	(616,861)
End of financial year		36,832,301	(24,107)	1,372,330	66,506,265	104,686,789	–	104,686,789

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $	Group 2015 $
Cash flows from operating activities			
Net profit		14,338,069	7,003,841
Adjustments for:			
– Income tax expense	27(a)	2,168,540	601,805
– Depreciation of property, plant and equipment	24	2,820,496	3,083,433
– Property, plant and equipment written off	24	11,840	–
– Amortisation of intangible assets	24	77,455	73,709
– Fair value loss/(gain) on investment properties	23	170,000	(110,000)
– Gain on disposal of property, plant and equipment	23	(41,765)	(69,949)
– Share of profit of investments accounted for using equity method	8,9	(3,030,130)	(127,548)
– Interest income	23	(667,441)	(436,492)
– Interest expense	26	72,183	61,945
Operating cash flow before working capital changes		15,919,247	10,080,744
Change in working capital:			
– Trade and other receivables		(4,989,522)	10,308,200
– Construction contract work-in-progress		2,735,844	1,715,847
– Trade and other payables		14,425,616	(1,994,526)
Cash generated from operations		28,091,185	20,110,265
– Interest received		616,191	297,559
– Income tax paid	27(b)	(442,622)	(154,682)
Net cash provided by operating activities		28,264,754	20,253,142
Cash flows from investing activities			
– Additions to property, plant and equipment		(1,986,504)	(1,510,606)
– Additions to intangible assets	14(b)	(18,730)	(16,000)
– Disposal of property, plant and equipment		89,681	146,227
– Advance to joint venture		(160,000)	–
– Repayment of loans by a joint venture		–	3,950,000
– Investment in an associated company	9	–	(500,001)
– Interest received		51,250	51,320
Net cash (used in)/provided by investing activities		(2,024,303)	2,120,940
Cash flows from financing activities			
– Repayment of finance lease liabilities		(1,545,249)	(1,015,978)
– Interest paid		(72,183)	(61,945)
– Dividends paid to equity holders of the Company	29	(4,626,459)	(616,861)
– Bank deposits pledged		607,106	(100,825)
Net cash used in financing activities		(5,636,785)	(1,795,609)
Net increase in cash and cash equivalents		20,603,666	20,578,473
Cash and cash equivalents			
Beginning of financial year		49,508,139	28,929,666
End of financial year	4	70,111,805	49,508,139

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

The financial statements of the Group for the financial year ended 31 December 2016 were authorised for issue in accordance with resolution of the Board of Directors of OKP Holdings Limited on 17 March 2017.

1 GENERAL INFORMATION

OKP Holdings Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 30 Tagore Lane Singapore 787484.

The principal activities of the Company are those relating to investment holding and the provision of management services to its subsidiary corporations. The principal activities of the subsidiary corporations are set out in Note 7 to the financial statements.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting

(i) Subsidiary corporations

(a) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

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

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

(b) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(i) Subsidiary corporations (cont'd)

(c) Disposals

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

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

Please refer to the paragraph "Investments in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(ii) Transactions with non-controlling interests

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

(iii) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(a) Acquisitions

Investments in associated companies and joints ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Group accounting (cont'd)

(iii) Associated companies and joint ventures (cont'd)

(b) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(c) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiary corporations, joint ventures and associated companies" for the accounting policy on investments in joint ventures and associated companies in the separate financial statements of the Company.

2.3 Property, plant and equipment

(i) Measurement

(a) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(b) Components of costs

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, plant and equipment (cont'd)

(ii) Depreciation

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

	Useful Lives
Buildings	50 years
Leasehold property	15 years
Plant and machinery	10 years
Motor vehicles	5 – 10 years
Office equipment	5 – 10 years
Furniture and fittings	5 – 10 years
Signboard	5 – 10 years
Renovation	5 years

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

(iii) Subsequent expenditure

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

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "administrative expenses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.4 Intangible assets

(i) Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Intangible assets (cont'd)

(ii) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.5 Investment properties

Investment properties include freehold properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

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

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

2.6 Investments in subsidiary corporations, joint ventures and associated companies

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of non-financial assets

(i) Goodwill

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

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

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

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

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

(ii) Intangible assets
Property, plant and equipment
Investments in subsidiary corporations, joint ventures and associated companies

Intangible assets, property, plant and equipment and investments in subsidiary corporations, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets

(i) Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Notes 5 and 11) and "cash and cash equivalents" (Note 4) on the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are presented as non-current asset unless management intends to dispose of the asset within 12 months after the balance sheet date.

(ii) Recognition and derecognition

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

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

(iii) Initial measurement

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

(iv) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(v) Impairment

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

(a) Loans and receivables

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

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

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

(b) Available-for-sale financial assets

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

If there is objective evidence of impairment, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.11 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"), as measured by surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total construction costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.13 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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

2.14 Leases

(i) When the Group is the lessee

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

(a) Lessee – Finance leases

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

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

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

(b) Lessee – Operating leases

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Leases (cont'd)

(ii) When the Group is the lessor

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

(a) Lessor – Operating leases

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

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

2.15 Revenue recognition

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

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Revenue from construction and maintenance contracts

Revenue from construction and maintenance contracts is recognised based on the percentage-of-completion method as disclosed in Note 2.11.

(ii) Interest income

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

(iii) Rental income

Rental income from operating lease (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

The Group accounts for productivity and innovative credit similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Employee compensation (cont'd)

(ii) Employee leave entitlements

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

(iii) Profit sharing and bonus plan

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

2.19 Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other income".

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

2.20 Segment reporting

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

2.21 Contingent liabilities

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

2.22 Cash and cash equivalents

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Share capital

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

2.24 Dividends to Company's shareholders

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

2.25 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(i) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of goodwill and where applicable, CGU have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14(a)).

If the management's estimated growth rate used in the value-in-use calculation for this CGU has been lowered by 1%, or the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been raised by 1%, the value-in-use calculation at 31 December 2016 would have decreased by $17,177,000 (2015: $22,900,000) and $13,097,000 (2015: $25,463,000) respectively. This decrease in the value-in-use would have no impact to the carrying amount of goodwill amounting to $1,687,551.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2016 were $19,417,225 (2015: $18,205,334). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of the property, plant and equipment differ by 10% from management's estimate, the carrying amount of the property, plant and equipment will be approximately higher/lower by $259,566 (2015: $306,419).

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

(iii) Construction contracts

The Group uses the stage of completion method to account for its contract revenue. The stage of completion is measured by surveys of work performed.

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

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue would have been approximately higher/lower by $20,511,535 (2015: $19,209,607) respectively.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $30,027,495 (2015: $24,958,569) respectively.

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Cash at bank and on hand	16,109,740	20,604,460	3,041,666	2,571,641
Short-term bank deposits	58,575,479	34,084,199	729,751	711,482
	74,685,219	54,688,659	3,771,417	3,283,123

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016	**2015**
	$	**$**
Cash and bank balances	74,685,219	54,688,659
Less: bank deposits pledged	(4,573,414)	(5,180,520)
Cash and cash equivalents per consolidated statement of cash flows	70,111,805	49,508,139

Bank deposits of $4,573,414 (2015: $5,180,520) are pledged to banks for banking facilities of certain subsidiary corporations.

5 TRADE AND OTHER RECEIVABLES

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Trade receivables				
– Non-related parties	9,135,104	2,363,626	–	–
– Subsidiary corporations	–	–	10,036,000	6,516,670
	9,135,104	2,363,626	10,036,000	6,516,670
Construction contracts				
– Due from customers (Note 6)	16,591,574	15,901,046	–	–
– Retentions (Note 6)	2,134,511	4,533,550	–	–
	18,726,085	20,434,596	–	–
Non-trade receivables				
– Subsidiary corporations	–	–	729,115	767,157
– Joint venture partners	6,420	3,210	–	–
– Non-related parties	105,154	76,052	3,944	6,150
	111,574	79,262	733,059	773,307
Less: Allowance for impairment of receivables [Note 31(ii)(b)]	–	–	(687,863)	(687,863)
Non-trade receivables – net	111,574	79,262	45,196	85,444
Advance to supplier	386,000	–	–	–
Deposits	955,657	576,610	6,530	6,530
Prepayments	887,418	1,000,222	19,138	20,122
	30,201,838	24,454,316	10,106,864	6,628,766

The non-trade amounts due from subsidiary corporations and joint venture partners are unsecured, interest-free and are repayable on demand.

6 CONSTRUCTION CONTRACT WORK-IN-PROGRESS

	Group 2016 $	Group 2015 $
Construction contract work-in-progress		
Beginning of financial year	4,238,029	5,953,876
Contract costs incurred	86,443,305	87,805,814
Contract expenses recognised in profit or loss	(89,179,149)	(89,521,661)
End of financial year	1,502,185	4,238,029
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	158,644,794	192,515,718
Less: Progress billings	(142,053,220)	(176,614,672)
	16,591,574	15,901,046
Presented as:		
Due from customers on construction contracts (Note 5)	16,591,574	15,901,046
Advances received on construction contracts (Note 15)	1,839,968	–
Retentions on construction contracts (Note 5)	2,134,511	4,533,550

7 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company 2016 $	Company 2015 $
Equity investments at cost		
Beginning and end of financial year	17,522,234	17,522,234

Details of subsidiary corporations are as follows:

Name of subsidiary corporations	Principal activities	Country of incorporation	Proportion of ordinary shares held by the Group 2016	2015
Held by the Company				
# Or Kim Peow Contractors (Pte) Ltd	Business of road and building construction and maintenance	Singapore	100%	100%
# Eng Lam Contractors Co. (Pte) Ltd	Business of road construction and maintenance	Singapore	100%	100%
#* OKP Technical Management Pte Ltd	Provision of technical management and consultancy services	Singapore	100%	100%
#* OKP Investments (China) Pte Ltd	Investment holding	Singapore	100%	100%
# OKP (Oil & Gas) Infrastructure Pte Ltd	Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore	Singapore	100%	100%
#* United Pavement Specialists Pte Ltd	Provision of rental services and investment holding	Singapore	100%	100%
# OKP Land Pte Ltd	Investment holding and property development	Singapore	100%	100%
#* OKP Transport & Trading Pte Ltd	Provision of transport and logistics services	Singapore	100%	100%

\# Audited by Nexia TS Public Accounting Corporation
* Dormant

8 INVESTMENTS IN JOINT VENTURES

	Group 2016 $	Group 2015 $
Interests in joint ventures		
Beginning of financial year	2,987,987	3,262,848
Share of profit of joint venture	2,707,326	47,900
Notional fair value of loan (net)	(91,301)	(322,761)
End of financial year	5,604,012	2,987,987

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	% of ownership interest 2016	% of ownership interest 2015
Held by subsidiary corporations				
Incorporated joint ventures				
CS-OKP Construction and Development Pte Ltd [(a)]	Design, construction and execution of urban development (including road infrastructure)	Singapore	50%	50%
Forte Builder Pte Ltd [(b)]	Business of general construction	Singapore	50%	50%
Lakehomes Pte Ltd [(c)]	Property development	Singapore	10%	10%
Unincorporated joint ventures				
Chye Joo-Or Kim Peow JV [(d)]	Business of general construction	Singapore	50%	50%
Acset-OKP [(e)]	Business of general construction	Indonesia	–	50%

(a) Audited by Heng Lee Seng LLP
(b) Audited by Nexia TS Public Accounting Corporation
(c) Audited by Ernst & Young LLP
(d) Registered on 4 May 2015
(e) Established on 21 September 2015, not required to be audited in the country of incorporation

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

(a) CS-OKP Construction and Development Pte Ltd ("CS-OKP"), incorporated in Singapore on 1 December 2009, remained inactive as at 31 December 2016. CS-OKP is a joint venture company of OKP Technical Management Pte Ltd ("OKPTM"), a wholly-owned subsidiary corporation, and CS Mining Pte Ltd, a subsidiary corporation of China Sonangol International Limited, with a share capital of $100,000 consisting of 100 ordinary shares. OKPTM has a 50% equity interest at a cost of $50,000 (2015: $50,000) in CS-OKP.

(b) On 8 December 2010, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary corporation, entered into a joint venture agreement with Soil-Build (Pte) Ltd ("SBPL"), incorporated in Singapore and a subsidiary corporation of Soilbuild Construction Group Ltd., to form a 50:50 joint venture company. On the same date, the joint venture company, Forte Builder Pte. Ltd. ("FBPL") was incorporated in Singapore with a share capital of $1,000,000 consisting of 1,000,000 ordinary shares. OKPC has a 50% equity interest at a cost of $500,000 in FBPL. The principal activity of FBPL is the construction of the condominium housing development, comprising one (1) 36-storey block of 54 residential units at Angullia Park.

(c) On 15 August 2013, a joint venture company, Lakehomes Pte Ltd ("LH") was incorporated in Singapore with a share capital of $1,000,000 consisting of 1,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, has a 10% equity interest at a cost of $100,000 in LH. The principal activity of LH is to develop a land parcel at Yuan Ching Road/Tao Ching Road into an executive condominium. On 13 September 2013, OKPL entered into a joint venture agreement with BBR Development Pte Ltd, Evia Real Estate (5) Pte Ltd, CNH Investment Pte Ltd and Ho Lee Group Pte Ltd for the aforesaid executive condominium development.

(d) On 4 May 2015, a joint venture partnership, Chye Joo-Or Kim Peow JV was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

(e) On 21 September 2015, OKP (Oil & Gas) Infrastructure Pte Ltd ("OKP O&G"), a wholly-owned subsidiary corporation, had through its Jakarta representative office entered into a joint venture agreement with PT Acset Indonusa Tbk, pursuant to which OKP O&G and PT Acset Indonusa Tbk constituted themselves as a joint venture in the name of "ACSET-OKP" in accordance with the joint operation scheme under the laws of the Republic of Indonesia. The joint venture has been established to carry out building and construction works in Jakarta, Indonesia. The joint venture agreement was terminated on 3 May 2016.

The Group has joint control over these joint ventures as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Group's joint arrangements are structured as limited companies and partnership such that the Group and the parties to the arrangements have the rights to the net assets of the limited companies and partnership under the arrangements. Therefore, these arrangements are classified as joint ventures.

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised financial information for joint ventures

Set out below are the summarised unaudited financial information of joint ventures based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint ventures.

Summarised statement of comprehensive income for the financial years ended 31 December

	Lakehomes Pte Ltd $	Chye Joo-Or Kim Peow JV $	Other joint ventures $	Total $
2016				
Revenue	308,541,200	35,465,421	300,000	344,306,621
Interest income	1,056	–	29,164	30,220
Expenses	(276,125,012)	(35,289,594)	(312,271)	(311,726,877)
Includes:				
- Cost of sales	(275,978,666)	(35,288,064)	(280,500)	(311,547,230)
Profit before income tax	32,417,244	175,827	16,893	32,609,964
Income tax	(5,788,457)	–	(710)	(5,789,167)
Total comprehensive income	26,628,787	175,827	16,183	26,820,797
2015				
Revenue	92,281	8,125,614	1,120,534	9,338,429
Interest income	63,579	–	31,392	94,971
Expenses	(120,125)	(8,085,064)	(1,093,076)	(9,298,265)
Includes:				
- Cost of sales	–	(8,084,006)	(1,045,426)	(9,129,432)
Profit before income tax	35,735	40,550	58,850	135,135
Income tax	–	–	(3,600)	(3,600)
Total comprehensive income	35,735	40,550	55,250	131,535

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at 31 December

	Lakehomes Pte Ltd $	Chye Joo-Or Kim Peow JV $	Other joint ventures $	Total $
2016				
Current assets	277,990,972	3,319,182	11,984,737	293,294,891
Includes:				
– Cash and cash equivalents	4,931,188	338,892	4,763,375	10,033,455
– Trade and other receivables	20,389	2,980,290	7,221,362	10,222,041
– Development property	273,039,395	–	–	273,039,395
Current liabilities	(179,242,806)	(3,102,805)	(6,412,888)	(188,758,499)
Includes:				
– Trade and other payables	(7,536,202)	(3,102,805)	(6,411,094)	(17,050,101)
Non-current liabilities	(67,143,940)	–	–	(67,143,940)
Includes:				
– Loan from joint venture partners	(57,532,835)	–	–	(57,532,835)
Net assets	31,604,226	216,377	5,571,849	37,392,452
2015				
Current assets	243,672,402	3,514,601	11,643,124	258,830,127
Includes:				
– Cash and cash equivalents	1,505,640	109,276	4,750,733	6,365,649
– Trade and other receivables	19,640	3,405,325	6,892,391	10,317,356
Development property	242,147,122	–	–	242,147,122
Current liabilities	(57,224,584)	(3,474,051)	(6,087,458)	(66,786,093)
Includes:				
– Trade and other payables	(6,330,410)	(3,474,051)	(6,083,858)	(15,888,319)
Non-current liabilities	(181,533,406)	–	–	(181,533,406)
Includes:				
– Loan from joint venture partners	(55,019,826)	–	–	(55,019,826)
– Borrowings	(120,100,000)	–	–	(120,100,000)
Net assets	4,914,412	40,550	5,555,666	10,510,628

8 INVESTMENTS IN JOINT VENTURES (CONT'D)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint ventures, is as follows:

	Lakehomes Pte Ltd $	Chye Joo-Or Kim Peow JV $	Other joint ventures $	Total $
2016				
Beginning of financial year	189,883	20,275	2,777,829	2,987,987
Group's share of comprehensive income	2,662,873	87,914	8,095	2,758,882
Cumulative unrecognised losses [(a)]	(51,556)	–	–	(51,556)
Notional fair value of loan, representing additional capital contribution	(91,301)	–	–	(91,301)
End of financial year	2,709,899	108,189	2,785,924	5,604,012
2015				
Beginning of financial year	512,644	–	2,750,204	3,262,848
Group's share of comprehensive income	–	20,275	27,625	47,900
Notional fair value of loan, representing additional capital contribution	(322,761)	–	–	(322,761)
End of financial year	189,883	20,275	2,777,829	2,987,987

(a) As at 31 December 2015, the Group's cumulative share of losses has exceeded its interest in the entity and the Group has no obligation in respect of those losses.

9 INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2016 $	2015 $
Interests in associated companies		
Beginning of financial year	650,390	70,741
Increase in shareholding in an associated company	–	500,001
Share of profit of associated companies	322,804	79,648
End of financial year	973,194	650,390

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Set out below are the associated companies of the Group as at 31 December 2016, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of associated companies	Principal activities	Country of incorporation	Equity holding 2016	Equity holding 2015
Held by subsidiary corporations				
CS Amber Development Pte Ltd [(a)]	Property development	Singapore	10%	10%
United Singapore Builders Pte Ltd [(b)]	General contractors	Singapore	25%	25%

[(a)] Audited by PricewaterhouseCoopers LLP
[(b)] Audited by Nexia TS Public Accounting Corporation

(a) On 27 June 2012, OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation, entered into an investment agreement with CS Amber Development Pte Ltd ("CS Amber") and China Sonangol Land Pte Ltd, pursuant to which OKPL subscribed for 111,111 ordinary shares in CS Amber, representing approximately 10% of the enlarged issued and paid-up share capital of CS Amber. The aggregate consideration for the subscription of the shares is $111,111.

The Group accounts for its investment in CS Amber as an associated company although the Group holds less than 20% of the issued share of CS Amber as the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).

(b) On 8 January 2014, Or Kim Peow Contractors (Pte) Ltd ("OKPC"), a wholly-owned subsidiary corporation, entered into a shareholders' agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd ("USB") to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. As at 31 December 2014, OKPC has a 20% equity interest at a cost of $200,000 in USB.

On 3 June 2015, OKPC acquired another 5% of the issued share capital of USB by way of acquisition of 50,000 ordinary shares for $1.00. Consequently, OKPC has a 25% equity interest at a cost of $200,001 in USB. On 17 August 2015, OKPC was allotted and issued 500,000 new ordinary shares by the capitalisation of its advance to USB and hence, its shareholding in USB increased to 750,000 shares. The shareholding percentage remains unchanged at 25% of the total issued and paid-up capital in USB.

On 27 April 2016, OKPC together with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd issued a corporate guarantee to a financial institution for borrowings of USB in a ratio of 25:25:25:25 for a banking facility up to $200,000 to part-finance the purchase of new construction related equipment.

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised financial information for associated companies

Set out below are the summarised financial information for CS Amber Development Pte Ltd and United Singapore Builders Pte Ltd.

Summarised statement of comprehensive income for the financial years ended 31 December

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
2016			
Revenue	15,650,007	36,708,308	52,358,315
Expenses	(16,340,602)	(35,337,853)	(51,678,455)
Includes:			
- Cost of sales	(16,076,432)	(35,139,490)	(51,215,922)
- Depreciation	–	(144,126)	(144,126)
(Loss)/Profit before income tax	(690,595)	1,370,455	679,860
Income tax	–	(79,242)	(79,242)
Total comprehensive (loss)/income	(690,595)	1,291,213	600,618
2015			
Revenue	6,025,242	8,188,826	14,214,068
Expenses	(9,974,354)	(7,826,273)	(17,800,627)
Includes:			
- Cost of sales	(6,207,247)	(7,673,413)	(13,880,660)
- Depreciation	(2,339,879)	(124,984)	(2,464,863)
(Loss)/Profit before income tax	(3,949,112)	362,553	(3,586,559)
Income tax	–	(27,263)	(27,263)
Total comprehensive (loss)/income	(3,949,112)	335,290	(3,613,822)

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised balance sheet as at 31 December

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
2016			
Current assets	266,778,108	17,583,650	284,361,758
Includes:			
– Cash and cash equivalents	14,933,274	9,530,971	24,464,245
– Trade and other receivables	8,290,948	3,257,907	11,548,855
– Development property	245,553,886	–	245,553,886
Non-current assets	–	637,887	637,887
Includes:			
– Property, plant and equipment	–	637,887	637,887
Current liabilities	(10,487,035)	(14,282,704)	(24,769,739)
Includes:			
– Trade and other payables	(6,751,833)	(13,967,512)	(20,719,345)
– Borrowings	–	(208,687)	(208,687)
Non-current liabilities	(272,494,807)	(276,316)	(272,771,123)
Includes:			
– Shareholders' loan	(196,804,902)	–	(196,804,902)
– Borrowings	(75,689,905)	(273,316)	(75,963,221)
Net (liabilities)/assets	(16,203,734)	3,662,517	(12,541,217)
2015			
Current assets	244,336,870	9,019,717	253,356,587
Includes:			
– Cash and cash equivalents	10,221,601	3,272,192	13,493,793
– Trade and other receivables	8,647,168	3,380,294	12,027,462
– Development property	225,468,101	–	225,468,101
Non-current assets	–	618,813	618,813
Includes:			
– Property, plant and equipment	–	618,813	618,813
Current liabilities	(12,766,662)	(6,862,285)	(19,628,947)
Includes:			
– Trade and other payables	(9,032,427)	(6,668,566)	(15,700,993)
– Borrowings	–	(166,456)	(166,456)
Non-current liabilities	(236,145,438)	(404,941)	(236,550,379)
Includes:			
– Shareholders' loan	(196,804,902)	–	(196,804,902)
– Borrowings	(39,340,536)	(404,941)	(39,745,477)
Net (liabilities)/assets	(4,575,230)	2,371,304	(2,203,926)

9 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

The information above reflects the amount presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

The following table summarises, in aggregate, the Group's share of profit and interests on net assets in associated companies accounted for using the equity method:

	CS Amber Development Pte Ltd $	United Singapore Builders Pte Ltd $	Total $
2016			
Beginning of financial year	–	650,390	650,390
Group's share of total comprehensive income	–	322,804	322,804
Carrying value of Group's interest in associated companies at end of financial year	–	**973,194**	**973,194**
2015			
Beginning of financial year	–	70,741	70,741
Group's share of total comprehensive income	–	79,648	79,648
Increase in shareholding in an associated company	–	500,001	500,001
Carrying value of Group's interest in associated companies at end of financial year	–	**650,390**	**650,390**

The Group has not recognised its share of losses of an associated company, CS Amber Development Pte Ltd amounting to $69,060 (2015: $394,911) as the Group's cumulative share of losses exceeded its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised loss with respect to this entity is $530,178 (2015: $461,118) at the balance sheet date.

10 INVESTMENT PROPERTIES

	Group 2016 $	Group 2015 $
Beginning of financial year	5,250,000	5,140,000
Net fair value (loss)/gain recognised in profit or loss (Note 23)	(170,000)	110,000
End of financial year	5,080,000	5,250,000

The following amounts are recognised in profit or loss:

	2016 $	2015 $
Rental income (Note 23)	188,855	190,330
Direct operating expenses arising from an investment property that generate rental income	(37,332)	(34,675)

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure	Fair value 2016 $	Fair value 2015 $
No. 190 Moulmein Road, #10-03 The Huntington Singapore 308095 [a]	Apartment unit	Residential	Freehold	1,650,000	1,650,000
No. 6 Tagore Drive B1-06 Tagore Building, Singapore 787623 [a]	Office unit	Office unit	Freehold	1,760,000	1,850,000
No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623 [a]	Office unit	Office unit	Freehold	1,670,000	1,750,000

(a) The investment properties are leased to non-related parties under non-cancellable operating leases.

Fair value hierarchy:

	Fair value measurements using: Quoted prices in active markets for identical assets (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $
31 December 2016			
Residential	–	1,650,000	–
Office units	–	3,430,000	–
31 December 2015			
Residential	–	1,650,000	–
Office units	–	3,600,000	–

10 INVESTMENT PROPERTIES (CONT'D)

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the Direct Market Comparison method based on the properties' highest and best use. Market prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation method is market price per square metre.

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest-and-best-use. As at 31 December 2016 and 2015, the fair values of the properties have been determined by Savills Plc.

Changes in Level 2 fair values are analysed at each reporting date during the annual valuation discussion between management and the valuation team. As part of this discussion, the team presents a report that explains for the fair value movements.

11 OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Loan to associated company	19,680,490	19,680,490	–	–
Less : Allowance for impairment [Note 31(ii)(b)]	(1,408,000)	(650,000)	–	–
	18,272,490	19,030,490	–	–
Loan to joint venture	5,753,284	5,501,983	–	–
Loan to subsidiary corporation	–	–	18,193,878	17,844,278
	24,025,774	24,532,473	18,193,878	17,844,278

The loan to associated company is unsecured, interest-free and will be repayable in full on 26 June 2018. The Group charged interest at 2.0% per annum above SIBOR since the first drawdown date on 27 June 2012. With effect from 1 March 2015, the Group has ceased to charge interest on the loan.

The loan to joint venture and subsidiary corporation are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields.

The loan to joint venture has been extended for another year. Accordingly, the loans have remaining maturity periods of 2 years (2015: 2 – 3 years). The loans are recognised initially at fair value. The differences between the fair values and the absolute loans' amount represent capital contributions to the associated company and subsidiary corporation.

11 OTHER RECEIVABLES – NON-CURRENT (CONT'D)

The fair values of non-current other receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used are as follows:

	Group		Company		Borrowing rate	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	%	%
Loans to associated company	17,759,146	17,770,045	–	–	1.44	1.38
Loan to joint venture	5,591,652	5,208,469	–	–	1.44	1.38
Loan to subsidiary corporation	–	–	17,682,742	16,662,400	1.44	1.38

12 FINANCIAL ASSETS, AVAILABLE-FOR-SALE – NON-CURRENT

	Group	
	2016	2015
	$	$
Beginning of financial year	990,445	995,445
Fair value gain/(loss) recognised in other comprehensive income (Note 19)	24,860	(5,000)
End of financial year	1,015,305	990,445

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

	Group	
	2016	2015
	$	$
Listed debt securities		
– Bonds with fixed interest of 5.125% without fixed maturity – Singapore	1,015,305	990,445

13 PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold property	Freehold land	Plant and machinery	Motor vehicles	Office equipment	Furniture and fittings	Renovation	Signboard	Total
	$	$	$	$	$	$	$	$	$	$
Group										
2016										
Cost										
Beginning of financial year	3,404,068	3,680,257	2,111,614	24,861,112	11,607,903	508,699	887,691	–	10,450	47,071,794
Additions	–	–	–	2,167,748	1,901,090	–	–	23,305	–	4,092,143
Disposals	–	–	–	(32,000)	(683,002)	–	–	–	–	(715,002)
Written off	–	–	–	(925,132)	–	–	–	–	–	(925,132)
End of financial year	3,404,068	3,680,257	2,111,614	26,071,728	12,825,991	508,699	887,691	23,305	10,450	49,523,803
Accumulated depreciation										
Beginning of financial year	270,989	1,472,102	–	17,231,318	8,795,566	392,067	698,148	–	6,270	28,866,460
Depreciation charge (Note 24)	68,081	245,351	–	1,580,550	646,468	99,091	175,249	4,661	1,045	2,820,496
Disposals	–	–	–	(28,800)	(638,286)	–	–	–	–	(667,086)
Written off	–	–	–	(913,292)	–	–	–	–	–	(913,292)
End of financial year	339,070	1,717,453	–	17,869,776	8,803,748	491,158	873,397	4,661	7,315	30,106,578
Net book value at end of financial year	3,064,998	1,962,804	2,111,614	8,201,952	4,022,243	17,541	14,294	18,644	3,135	19,417,225
2015										
Cost										
Beginning of financial year	3,404,068	3,680,257	2,111,614	23,073,902	11,071,779	508,699	887,691	–	10,450	44,748,460
Additions	–	–	–	2,136,310	742,531	–	–	–	–	2,878,841
Disposals	–	–	–	(349,100)	(206,407)	–	–	–	–	(555,507)
End of financial year	3,404,068	3,680,257	2,111,614	24,861,112	11,607,903	508,699	887,691	–	10,450	47,071,794
Accumulated depreciation										
Beginning of financial year	202,907	1,226,751	–	15,760,331	8,251,166	292,978	522,898	–	5,225	26,262,256
Depreciation charge (Note 24)	68,082	245,351	–	1,795,517	699,099	99,089	175,250	–	1,045	3,083,433
Disposals	–	–	–	(324,530)	(154,699)	–	–	–	–	(479,229)
End of financial year	270,989	1,472,102	–	17,231,318	8,795,566	392,067	698,148	–	6,270	28,866,460
Net book value at end of financial year	3,133,079	2,208,155	2,111,614	7,629,794	2,812,337	116,632	189,543	–	4,180	18,205,334

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Motor vehicles $	Building cost $	Freehold land $	Office equipment $	Furniture and fittings $	Renovation $	Total $
Company							
2016							
Cost							
Beginning of financial year	148,988	3,404,067	2,111,614	388,519	883,858	–	6,937,046
Additions	–	–	–	–	–	23,305	23,305
End of financial year	148,988	3,404,067	2,111,614	388,519	883,858	23,305	6,960,351
Accumulated depreciation							
Beginning of financial year	148,988	270,988	–	309,200	696,360	–	1,425,536
Depreciation charge	–	68,081	–	75,852	174,866	4,661	323,460
End of financial year	148,988	339,069	–	385,052	871,226	4,661	1,748,996
Net book value at end of financial year	–	3,064,998	2,111,614	3,467	12,632	18,644	5,211,355
2015							
Cost							
Beginning and end of financial year	148,988	3,404,067	2,111,614	388,519	883,858	–	6,937,046
Accumulated depreciation							
Beginning of financial year	148,988	202,906	–	233,349	521,493	–	1,106,736
Depreciation charge	–	68,082	–	75,851	174,867	–	318,800
End of financial year	148,988	270,988	–	309,200	696,360	–	1,425,536
Net book value at end of financial year	–	3,133,079	2,111,614	79,319	187,498	–	5,511,510

(i) The details of the Group's properties is as follows:

Properties/Location	Nature	Purpose	Approximate built-in area (in sq. ft.)	Net book value 2016 $	Net book value 2015 $
30 Tagore Lane Singapore 787484	Freehold	Office use	10,742	5,176,162	5,244,693
2A Sungei Kadut Drive Singapore 729554	Leasehold	Fabrication yard/ workshop/office	55,865	1,962,805	2,208,155

(ii) Included within additions in the consolidated financial statements are plant and machinery, and motor vehicles acquired under finance leases amounting to $1,064,445 (2015: $1,255,935) and $1,041,194 (2015: $112,300) respectively.

The carrying amounts of plant and machinery, and motor vehicles held under finance leases are $3,787,523 (2015: $3,212,374) and $1,737,269 (2015: $835,932) respectively at the balance sheet date.

14 INTANGIBLE ASSETS

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Composition:				
Goodwill arising on consolidation (Note a)	1,687,551	1,687,551	–	–
Computer software licences (Note b)	24,584	83,309	9,600	20,609
	1,712,135	1,770,860	9,600	20,609

(a) Goodwill arising on consolidation

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

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Cost/Net book value				
Beginning and end of financial year	1,687,551	1,687,551	–	–

Impairment tests for goodwill

Goodwill is allocated to the Group's CGU identified according to business segments.

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

	Group 2016 $	Group 2015 $
Construction	1,485,045	1,485,045
Maintenance	202,506	202,506
	1,687,551	1,687,551

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

Key assumptions used for value-in-use calculations:

	Construction	Maintenance
2016		
Gross margin	8% – 15%	5% – 10%
Growth rate	3%	3%
Discount rate	9.2%	9.2%
2015		
Gross margin	8% – 15%	5% – 10%
Growth rate	5%	10%
Discount rate	10.3%	10.3%

14 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation (cont'd)

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

(b) Computer software licences

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cost				
Beginning of financial year	368,546	352,546	55,046	39,046
Additions	18,730	16,000	–	16,000
End of financial year	387,276	368,546	55,046	55,046
Accumulated amortisation				
Beginning of financial year	285,237	211,528	34,437	23,428
Amortisation charge (Note 24)	77,455	73,709	11,009	11,009
End of financial year	362,692	285,237	45,446	34,437
Net book value	24,584	83,309	9,600	20,609

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade payables				
– Non-related parties	25,849,117	15,549,116	141,476	91,931
Non-trade payables				
– Subsidiary corporations	–	–	5,347,137	5,347,137
– Joint venture partners	50,000	50,000	–	–
	50,000	50,000	5,347,137	5,347,137
Construction contracts				
– Advances received (Note 6)	1,839,968	–	–	–
Accrued operating expenses	15,861,009	13,581,732	2,925,021	1,428,100
Other payables	139,906	133,536	–	–
	43,740,000	29,314,384	8,413,634	6,867,168

The non-trade amounts due to subsidiary corporations and joint venture partners are unsecured, interest-free and are repayable on demand.

16 FINANCE LEASE LIABILITIES

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

	Group	
	2016	**2015**
	$	**$**
Minimum lease payments due:		
– Not later than one year	1,193,364	1,012,353
– Between one and five years	2,168,573	1,740,040
	3,361,937	2,752,393
Less: Future finance charges	(214,369)	(165,215)
Present value of finance lease liabilities	3,147,568	2,587,178

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

	Group	
	2016	**2015**
	$	**$**
Not later than one year	1,119,801	949,941
Between one and five years	2,027,767	1,637,237
Total	3,147,568	2,587,178

The exposure of the finance leases of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2016	**2015**
	$	**$**
6 months or less	579,779	505,004
6 – 12 months	540,022	444,937
1 – 5 years	2,027,767	1,637,237
	3,147,568	2,587,178

The fair values of the non-current finance lease liabilites approximate their carrying amounts.

Security granted

Finance lease liabilities of the Group are effectively secured over the leased plant and machinery, and motor vehicles (Note 13), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities. The finance lease liabilities are also secured by the Company's corporate guarantee (Note 34).

17 DEFERRED INCOME TAXES

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

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Deferred income tax liabilities				
– to be settled within one year	211,849	153,241	2,314	41,414
– to be settled after one year	740,875	477,561	2,583	7,448
	952,724	630,802	4,897	48,862

Movement in deferred income tax account is as follows:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Beginning of financial year	630,802	560,533	48,862	86,685
Tax charge/(credit) to profit or loss (Note 27)	23,227	64,481	(43,965)	(37,823)
Under provision in prior financial years (Note 27)	298,695	5,788	–	–
End of financial year	952,724	630,802	4,897	48,862

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

<u>**Group**</u>

Deferred income tax liabilities

	Accelerated tax depreciation	Fair value gain	Total
	$	$	$
2016			
Beginning of financial year	619,131	11,671	630,802
Tax charge to profit or loss	321,922	–	321,922
End of financial year	941,053	11,671	952,724
2015			
Beginning of financial year	548,862	11,671	560,533
Tax charge to profit or loss	70,269	–	70,269
End of financial year	619,131	11,671	630,802

17 DEFERRED INCOME TAXES (CONT'D)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $
2016	
Beginning of financial year	48,862
Tax credit to profit or loss	(43,965)
End of financial year	4,897
2015	
Beginning of financial year	86,685
Tax credit to profit or loss	(37,823)
End of financial year	48,862

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group has unrecognised tax losses of $70,930 (2015: $70,930) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in Singapore. The tax losses have no expiry date.

18 SHARE CAPITAL

	No. of ordinary shares	Amount $
Group and Company		
2016		
Beginning and end of financial year	308,430,594	36,832,301
2015		
Beginning and end of financial year	308,430,594	36,832,301

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

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

19 OTHER RESERVES

	Group 2016 $	Group 2015 $
(a) Composition:		
Fair value reserve	753	(24,107)
Asset revaluation reserve	1,372,330	1,372,330
	1,373,083	1,348,223

(b) Movements:

(i) Fair value reserve

	Group 2016 $	Group 2015 $
Beginning of financial year	(24,107)	(19,107)
Financial assets, available-for-sale		
– Fair value gain/(loss) (Note 12)	24,860	(5,000)
End of financial year	753	(24,107)

(ii) Asset revaluation reserve

	Group 2016 $	Group 2015 $
Beginning and end of financial year	1,372,330	1,372,330

Other reserves are non-distributable.

20 RETAINED PROFITS

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

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

	Company	
	2016	2015
	$	$
Beginning of financial year	6,996,744	3,796,021
Net profit	7,175,380	3,817,584
Dividends paid (Note 29)	(4,626,459)	(616,861)
End of financial year	9,545,665	6,996,744

21 REVENUE

	Group	
	2016	2015
	$	$
Revenue from construction	90,492,271	77,571,894
Revenue from maintenance	20,606,351	25,717,928
	111,098,622	103,289,822

22 COST OF WORKS

Included in the cost of works are the following:

	Group	
	2016	2015
	$	$
Depreciation of property, plant and equipment	2,168,358	2,441,776
Employee compensation costs:		
– Salaries and bonuses	21,460,537	19,428,682
– Employer's contribution to defined contribution plans including Central Provident Fund	4,294,556	4,496,280

23 OTHER INCOME

	Group 2016 $	Group 2015 $
Interest income		
– bank deposits	616,191	297,559
– loans to an associated company	–	87,613
– financial assets, available-for-sale	51,250	51,320
	667,441	436,492
Rental income		
– investment properties (Note 10)	188,855	190,330
– machinery	374	36,134
	189,229	226,464
Fair value (loss)/gain on investment properties (Note 10)	(170,000)	110,000
Net gain on disposal of property, plant and equipment	41,765	69,949
Government grants		
– Building and Construction Authority related grant [a]	210,729	26,669
– Quieter Construction Fund [b]	–	57,200
– Special Employment Credit [c]	47,448	50,709
– Wage Credit Scheme [d]	80,571	65,185
– Temporary Employment Credit [e]	85,354	45,930
– Data logger Fund [f]	5,000	–
	429,102	245,693
Currency translation gain – net	35,617	215,069
Technical management consultancy fee	1,228,500	856,050
Sale of materials	–	153,330
Waiver of debts from other payables	–	437,824
Other	50,022	48,785
	2,471,676	2,799,656

a. The Group received grants awarded by the Building and Construction Authority ("BCA") upon attainment of membership during the financial year. Funds received from BCA include that for workforce development, technology adoption, capability development, which aims to improve the productivity and capability of the Group.

b. The Quieter Construction Fund ("QCF") is a funding scheme to support Singapore-registered companies to adopt the use of quieter construction machines, noise control equipment and encourage innovative solutions to mitigate noise and hence, reduce the impact of construction noise on sensitive premises to achieve a quieter living environment.

c. The Special Employment Credit ("SEC") was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers.

d. The Wage Credit Scheme is to help businesses which may face rising wage costs in a tight labour market. Wage Credit Scheme payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

e. The Temporary Employment Credit ("TEC") was announced as a Budget 2014 initiative to help employers adjust to the 1 percentage point increase in Medisave contribution rates which took effect in January 2015. With the TEC, employers will receive a one-year offset of 1% (2015: 0.5%) of wages for their Singaporean and Singapore Permanent Resident ("PR") employees.

23 OTHER INCOME (CONT'D)

f. The Data Logger Fund was a co-funding scheme launched by the Workplace Safety and Health ("WSH") Council to help companies defray the cost of installing data loggers in mobile cranes. The Data Logger Fund for Cranes will cover up to 50% of the cost of installation, capped at $5,000 per mobile crane.

24 EXPENSES BY NATURE

	Group	
	2016	2015
	$	$
Fees paid/payable to auditor of the Company for:		
– audit services	135,125	133,375
– non-audit services	28,509	30,023
Purchases of materials	13,222,565	21,164,339
Sub-contractors costs	37,612,596	29,425,170
Amortisation of intangible assets [Note 14(b)]	77,455	73,709
Allowance for impairment of other receivables [Note 31(ii)(b)]	758,000	650,000
Depreciation of property, plant and equipment (Note 13)	2,820,496	3,083,433
Employees compensation (Note 25)	33,500,015	29,719,321
Professional fees	1,941,658	2,889,816
Property, plant and equipment written off	11,840	–
Property tax and maintenance fee	113,309	114,308
Worksite expenses	2,690,660	2,445,050
Rental expense on operating leases	1,322,203	1,238,941
Upkeep of machineries and equipment	1,659,614	1,912,940
Upkeep of motor vehicles and lorries	1,027,523	1,114,765
Security fees	447,633	803,533
Other expenses	2,652,435	3,750,712
Total cost of works, administrative and other expenses	100,021,636	98,549,435

25 EMPLOYEES COMPENSATION

	Group	
	2016	2015
	$	$
Salaries and bonuses	28,885,626	24,950,823
Employer's contribution to defined contribution plans including Central Provident Fund	4,614,389	4,768,498
	33,500,015	29,719,321

26 FINANCE EXPENSES

	Group	
	2016	2015
	$	$
Interest expense		
– Finance lease liabilities	72,183	61,945

27 INCOME TAXES

(a) Income tax expense

	Group 2016 $	Group 2015 $
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax – Singapore	1,911,000	508,700
– Deferred income tax (Note 17)	23,227	64,481
	1,934,227	573,181
(Over)/under provision of income tax in prior financial years:		
– Current income tax – Singapore	(64,382)	22,836
– Deferred income tax (Note 17)	298,695	5,788
	2,168,540	601,805

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

	Group 2016 $	Group 2015 $
Profit before income tax	16,506,609	7,605,645
Share of profit of joint ventures, net of tax	(2,707,326)	(47,900)
Share of profit of associated companies, net of tax	(322,804)	(79,648)
Profit before income tax and share of results of associated companies and joint ventures	13,476,479	7,478,097
Tax calculated at a tax rate of 17% (2015: 17%)	2,291,001	1,271,276
Effects of:		
– tax incentives	(622,133)	(399,797)
– income not subject to tax	(75,736)	(136,454)
– expenses not deductible for tax purposes	346,393	310,497
– utilisation of previously unrecognised		
• tax losses	–	(65,098)
• capital allowances	–	(397,460)
– other	(5,298)	(9,783)
Tax charge	1,934,227	573,181

27 INCOME TAXES (CONT'D)

(b) Movement in current income tax liabilities

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Beginning of financial year	549,340	172,486	65,445	21,000
Income tax paid	(442,622)	(154,682)	(48,594)	(4,555)
Tax expense	1,911,000	508,700	2,000	49,000
(Over)/under provision in prior financial years	(64,382)	22,836	–	–
End of financial year	1,953,336	549,340	18,851	65,445

28 EARNINGS PER SHARE

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

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

	Group	
	2016	2015
Net profit attributable to equity holders of the Company	$14,338,069	$7,004,744
Weighted average number of ordinary shares outstanding for basic earnings per share	308,430,594	308,430,594
Basic and diluted earnings per share (cents per share)	4.65	2.27

Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

29 DIVIDENDS

	Group and Company	
	2016	2015
	$	$
Ordinary dividends paid		
Final one-tier tax exempt dividend paid in respect of the previous financial year of $0.010 (2015: $0.001) per share (Note 20)	3,084,306	308,431
Interim one-tier tax exempt dividend in respect of current financial year of $0.005 (2015: $0.001) per share (Note 20)	1,542,153	308,430
	4,626,459	616,861

At the coming Annual General Meeting on 24 April 2017, a final tax exempt (one-tier) dividend of $0.007 per share and a special tax exempt (one-tier) dividend of $0.008 per share amounting to a total of approximately $4,626,459 will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2017.

30 RELATED PARTY TRANSACTIONS

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

Key management personnel compensation

	Group	
	2016	2015
	$	$
Wages and salaries	5,173,915	3,651,525
Employer's contribution to defined contribution plans including Central Provident Fund	119,895	102,392
	5,293,810	3,753,917

Included in the above is total compensation to directors of the Company amounting to $4,612,501 (2015: $3,084,106).

31 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(i) Market risk

(a) Currency risk

The Group's exposure to foreign exchange rate risk is kept at minimal level as its costs and revenues are predominantly denominated in Singapore Dollar. Currency risk arises within entities in the Group when transactions denominated in foreign currencies such as the United States Dollar ("USD").

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

	SGD $	USD $	Other $	Total $
At 31 December 2016				
Financial assets				
Cash and cash equivalents and financial assets, available-for-sale	72,749,501	2,950,041	982	75,700,524
Trade and other receivables	52,954,194	–	–	52,954,194
Inter-company balances	13,340,838	–	–	13,340,838
	139,044,533	2,950,041	982	141,995,556
Financial liabilities				
Finance lease liabilities	3,147,568	–	–	3,147,568
Other financial liabilities	43,740,000	–	–	43,740,000
Inter-company balances	13,340,838	–	–	13,340,838
	60,228,406	–	–	60,228,406
Net financial assets	78,816,127	2,950,041	982	81,767,150
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,950,041	982	2,951,083

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Market risk (cont'd)

(a) Currency risk (cont'd)

	SGD $	USD $	Total $
At 31 December 2015			
Financial assets			
Cash and cash equivalents and financial assets, available-for-sale	52,804,012	2,875,092	55,679,104
Trade and other receivables	47,986,567	–	47,986,567
Inter-company balances	12,061,801	–	12,061,801
	112,852,380	2,875,092	115,727,472
Financial liabilities			
Finance lease liabilities	2,587,178	–	2,587,178
Other financial liabilities	29,314,384	–	29,314,384
Inter-company balances	12,061,801	–	12,061,801
	43,963,363	–	43,963,363
Net financial assets	68,889,017	2,875,092	71,764,109
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	2,875,092	2,875,092

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

	SGD $	USD $	Total $
At 31 December 2016			
Financial assets			
Cash and cash equivalents	2,958,623	812,794	3,771,417
Trade and other receivables	28,281,604	–	28,281,604
	31,240,227	812,794	32,053,021
Financial liabilities			
Other financial liabilities	8,413,634	–	8,413,634
Net financial assets	22,826,593	812,794	23,639,387
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	812,794	812,794

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Market risk (cont'd)

(a) Currency risk (cont'd)

	SGD $	USD $	Total $
At 31 December 2015			
Financial assets			
Cash and cash equivalents	2,490,400	792,723	3,283,123
Trade and other receivables	24,452,922	–	24,452,922
	26,943,322	792,723	27,736,045
Financial liabilities			
Other financial liabilities	6,867,168	–	6,867,168
Net financial assets	20,076,154	792,723	20,868,877
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	792,723	792,723

If the USD changes against the SGD by 1% (2015: 7%) with all other variables including tax rate being held constant, the effect arising from the net financial asset position will be insignificant.

(b) Cash flow and fair value interest rate risks

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

The Group's interest rate risk is primarily from short-term deposits (that will mature from 1 to 12 months) and interest-bearing advances to associated company. These short-term bank deposits are placed on a short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

The effective interest rates for short-term deposits and advances to associated company ranged from 0.27% to 1.40% and 2% above Sibor respectively per annum in 2016 (2015: 0.075% to 0.80% and 2% above Sibor respectively per annum). If the interest rates had increased/decreased by 0.5% (2015: 0.5%) with all other variables including tax rate being held constant, the effect to net profit as a result of higher/lower interest income on these deposits will be approximately higher/lower by $237,891 (2015: $141,449).

(c) Price risks

The Group is exposed to debt securities price risk arising from the investments held by the Group which is classified as available-for-sale on the consolidated balance sheet. To manage its price risk arising from investments in debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If price for debts securities change by 5% (2015: 5%) with all other variables including tax rate being held constant, the effects on other comprehensive income will not be significant.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group Managing Director based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Group Managing Director.

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

	Company	
	2016	**2015**
	$	**$**
Corporate guarantees provided to banks for subsidiary corporations' banking facilities		
– Finance lease (Note 16 and 34)	3,147,568	2,587,178

The trade receivables of the Group comprise 2 debtors (2015: 2 debtors) that individually represented 32% and 58% (2015: 12% and 71%) of trade receivables.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
<u>By geographical areas</u>				
Singapore	9,135,104	2,363,626	10,036,000	6,516,670
<u>By types of customers</u>				
Non-related parties				
– Government bodies	8,176,041	1,961,280	–	–
– Non-government bodies	959,063	402,346	–	–
Subsidiary corporations	–	–	10,036,000	6,516,670
	9,135,104	2,363,626	10,036,000	6,516,670

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

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

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

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

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

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

	Group	
	2016	**2015**
	$	**$**
Past due <3 months	8,991,923	1,758,510
Past due 3 to 6 months	143,181	578,236
	9,135,104	2,336,746

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Current				
Past due more than 1 year	–	–	692,863	687,863
Less: Allowance for impairment (i)	–	–	(687,863)	(687,863)
	–	–	5,000	–
Beginning of financial year	–	1,474,203	687,863	687,863
Allowance utilised (ii)	–	(1,474,203)	–	–
End of financial year	–	–	687,863	687,863
Non-current				
Not past due	19,680,490	19,680,490	–	–
Less: Allowance for impairment (iii)	(1,408,000)	(650,000)	–	–
	18,272,490	19,030,490	–	–
Beginning of financial year	650,000	–	–	–
Allowance made	758,000	650,000	–	–
End of financial year	1,408,000	650,000	–	–

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Credit risk (cont'd)

(b) Financial assets that are past due and/or impaired (cont'd)

The impairment on other receivables of the Group and Company arose from:

(i) The impairment on other receivables of the Company arose from advances to subsidiary corporations who have losses in their operations and are inactive;

(ii) the non-trade receivables related to back charges on purchases of materials, tools, machineries and manpower paid by the Group on behalf of a sub-contractor. The contract with the sub-contractor had been terminated. The Group carried out a review and determined that arising from the termination of the contract, there was objective evidence that impairment existed. Subsequently, the Group had a suit filed against the sub-contractor to recover damages against it in respect of three projects during the financial year ended 31 December 2012. As a result of the conclusion of the suit, the allowance for impairment made was offset against the retention sum in the previous financial year; and

(iii) a loan to an associated company. The associated company co-develops a freehold property. Due to the decline in the Singapore Residential Property Price Index and low sales performance of the property, an impairment was made on the loan to the associated company during the financial years ended 31 December 2016 and 2015.

(iii) Liquidity risk

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

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Group				
At 31 December 2016				
Trade and other payables	43,740,000	–	–	43,740,000
Finance lease liabilities	1,193,364	950,252	1,218,321	3,361,937
	44,933,364	950,252	1,218,321	47,101,937
At 31 December 2015				
Trade and other payables	29,314,384	–	–	29,314,384
Finance lease liabilities	1,012,353	818,861	921,179	2,752,393
	30,326,737	818,861	921,179	32,066,777

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk (cont'd)

	Less than 1 year $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Company				
At 31 December 2016				
Trade and other payables	8,413,634	–	–	8,413,634
Financial guarantee contracts	1,193,364	950,252	1,218,321	3,361,937
	9,606,998	950,252	1,218,321	11,775,571
At 31 December 2015				
Trade and other payables	6,867,168	–	–	6,867,168
Financial guarantee contracts	1,012,353	818,861	921,179	2,752,393
	7,879,521	818,861	921,179	9,619,561

(iv) Capital risk

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

The Group's and Company's strategies in monitoring their capital, which were unchanged since 2013, are to maintain gearing ratios within 25% to 30%.

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

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
Net debt				
Borrowings (Note 16)	3,147,568	2,587,178	–	–
Trade and other payables (Note 15)	43,740,000	29,314,384	8,413,634	6,867,168
	46,887,568	31,902,562	8,413,634	6,867,168
Less: Cash and cash equivalents (Note 4)	(74,685,219)	(54,688,659)	(3,771,417)	(3,283,123)
Net debt	N.M.	N.M.	4,642,217	3,584,045
Total capital				
Net debt	N.M.	N.M.	4,642,217	3,584,045
Total equity	114,423,259	104,686,789	46,377,966	43,829,045
Total capital	114,423,259	104,686,789	51,020,183	47,413,090
Gearing ratio	N.M.	N.M.	9%	8%

* N.M. – not meaningful

The Group and Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Fair value measurements

The following table presents assets and liabilites measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1
	$
<u>**Group**</u>	
As at 31 December 2016	
Financial assets, available-for-sale	1,015,305
As at 31 December 2015	
Financial assets, available-for-sale	990,445

(vi) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 12 to the financial statements, except for the following:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Loans and receivables	127,639,413	102,675,226	32,053,021	27,736,045
Financial liabilities at amortised cost	46,887,568	31,901,562	8,413,634	6,867,168

32 SEGMENT INFORMATION

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

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

The Group's activities comprise the following reportable segments:

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

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

	31 December 2016			31 December 2015		
	Construction	Maintenance	Total	Construction	Maintenance	Total
	$	$	$	$	$	$
<u>Group</u>						
Revenue						
Total segment revenue	90,513,472	24,388,387	114,901,859	77,571,894	30,593,567	108,165,461
Inter-segment revenue	(21,201)	(3,782,036)	(3,803,237)	–	(4,875,639)	(4,875,639)
Revenue from external parties	90,492,271	20,606,351	111,098,622	77,571,894	25,717,928	103,289,822
Gross profit	12,551,646	9,367,827	21,919,473	6,560,161	7,208,000	13,768,161
Other income			2,471,676			2,799,656
Unallocated costs			(10,842,487)			(9,027,774)
Share of profit of joint venture companies			2,707,326			47,900
Share of profit of associated companies			322,804			79,648
			16,578,792			7,667,591
Finance expense			(72,183)			(61,945)
Profit before income tax			16,506,609			7,605,646
Income tax expense			(2,168,540)			(601,805)
Net profit			14,338,069			7,003,841
Depreciation	2,340,037	480,459	2,820,496	2,410,213	673,220	3,083,433
Amortisation	75,118	2,337	77,455	70,595	3,114	73,709
Segment Assets	26,566,939	4,963,792	31,530,731	23,694,420	5,136,344	28,830,764
<u>Segment assets included:</u>						
Additions to property, plant and equipment	3,223,568	868,575	4,092,143	2,064,589	814,252	2,878,841
Segment Liabilities	32,040,120	6,554,490	38,594,610	18,392,782	7,901,055	26,293,837

32 SEGMENT INFORMATION (CONT'D)

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

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

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

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

	2016 $	2015 $
Segment assets for reportable segments	31,530,731	28,830,764
Unallocated:		
– Cash and cash equivalents	74,685,219	54,688,659
– Deposits, prepayments, and other receivables	1,885,427	1,632,441
– Loan to associated company and joint venture	24,025,774	24,532,473
– Investment properties	5,080,000	5,250,000
– Investments	6,577,206	3,638,377
– Financial assets, available-for-sale	1,015,305	990,445
– Property, plant and equipment	19,417,225	18,205,334
	164,216,887	137,768,493

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

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities and finance lease liabilities.

	2016 $	2015 $
Segment liabilities for reportable segments	38,594,610	26,293,837
Unallocated:		
– Other payables	5,145,390	3,020,547
– Income tax liabilities	1,953,336	549,340
– Deferred income tax liabilities	952,724	630,802
– Finance lease liabilities	3,147,568	2,587,178
	49,793,628	33,081,704

Revenue of $86,829,208 (2015: $75,355,461) and $20,606,351 (2015: $25,717,928) is derived from a single external customer which is attributable to construction and maintenance segments respectively.

33 COMMITMENTS

(i) Capital commitments

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

	Group 2016 $	Group 2015 $
Property, plant and equipment	97,543	160,000

(ii) Operating lease commitments – where the Group is a lessee

The Group leases land from non-related party under non-cancellable operating lease agreement.

The future minimum lease payables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group 2016 $	Group 2015 $
Not later than one year	99,746	118,108
Between one and five years	498,730	590,540
Later than five years	220,272	348,929
	818,748	1,057,577

(iii) Operating lease commitments – where the Group is a lessor

The Group leases out a residential space and office units to non-related parties under non-cancellable operating leases at a fixed rate. The leases have remaining non-cancellable lease terms of up to 2 years to 5 years.

The future minimum lease receivable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group 2016 $	Group 2015 $
Not later than one year	175,935	174,746
Between one and five years	187,087	332,712
	363,022	507,458

34 CONTINGENT LIABILITIES

(i) Legal claim

A claim arising from a worksite incident on 22 September 2015 against a subsidiary corporation. Based on legal advice, the subsidiary corporation is likely to plead guilty to the charge. At the date of these financial statements, the estimated losses will arise in respect of the legal claim is ranged from $200,000 to $300,000.

34 CONTINGENT LIABILITIES (CONT'D)

(ii) Corporate guarantees

The Company has issued corporate guarantees to banks and financing institutions to secure the subsidiary corporations' (Note 16) and associated company's (Note 9) finance leases.

The directors estimated that the fair value of the corporate guarantees is not significant to the Company.

(iii) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 and which the group has not early adopted.

<u>Effective for annual periods beginning on or after 1 January 2017</u>

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  – Amendments to FRS 112 Disclosure of Interest in Other Entities

<u>Effective for annual periods beginning on or after 1 January 2018</u>

- FRS 109 Financial Instruments
- FRS 115 Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

- FRS 115 Revenue from Contracts with Customers (cont'd)

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the key issues for the Group including identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

  - Amendments to FRS 40: Transfers of Investment Property
  - Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
  - Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
  - Improvements to FRSs (December 2016)
    - – Amendment to FRS 28 Investments in Associates and Joint Ventures
    - – Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
  - INT FRS 122 Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $818,748 (Note 33(ii)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

LETTER TO SHAREHOLDERS

OKP HOLDINGS LIMITED
胡金標控股有限公司

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

Board of Directors:-

Mr Or Kim Peow (Group Chairman)
Mr Or Toh Wat (Group Managing Director)
Mdm Ang Beng Tin (Executive Director)
Mr Or Kiam Meng (Executive Director)
Mr Oh Enc Nam (Executive Director)
Mr Or Lay Huat Daniel (Executive Director)
Dr Chen Seow Phun, John (Lead Independent Director)
Mr Nirumalan s/o V Kanapathi Pillai (Independent Director)
Mr Tan Boen Eng (Independent Director)

Registered Office:-

30 Tagore Lane
Singapore 787484

3 April 2017

To: The Shareholders of OKP Holdings Limited ("**Shareholders**")

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting (the "**2017 AGM**") of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 3 April 2017 in respect of the AGM to be held on Monday, 24 April 2017 at 11.00 am at 30 Tagore Lane Singapore 787484 and Resolution 9 set out under "Special Business" in the Notice of the said AGM.

1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 20 April 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held in subsequent years, with the last renewal on 18 April 2016. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Fifteenth AGM (2017 AGM) to be held on 24 April 2017.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter ("**Letter**") is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity of Shares or the financial condition of the Company and the Group.

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2017 AGM, are summarised below:-

(a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares (excluding any treasury shares held by the Company) as at the date of the 2017 AGM on which the resolution renewing the Share Purchase Mandate is passed (the **"Approval Date"**), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, Chapter 50 (the "**Companies Act**"), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares held by the Company). "**Relevant Period**" means the period commencing from the date on which the Share Purchase Mandate is renewed and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

As at 7 March 2017 (the "**Latest Practicable Date**"), the Company had 308,430,594 issued Shares and no treasury shares, and thus up to 30,843,059 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares) of the Company remains unchanged up to the date of the 2017 AGM.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:-

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

(c) Manner of Purchase

Purchases of Shares may be made on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (**"Market Purchases"**) and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (**"Off-Market Purchases"**) as defined in Section 76C(6) of the Companies Act.

Market Purchases refer to purchases of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:-

(aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:-

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(v) whether the share purchase, if made, could affect the listing of the Shares on the SGX-ST;

(vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) <u>Maximum Purchase Price</u>

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase.

For the above purposes:-

"Average Closing Price" means the average of the closing market prices of a Share over the last five Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:-

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and/or to receive any dividends or other distribution in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:-

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

5. SOURCE OF FUNDS

The Companies Act permits the Company to purchase its Shares out of capital or profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of the payment for the Shares, the following conditions are satisfied:-

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

(a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

(b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:-

(i) that the purchase or acquisition by the Company of 30,843,059 Shares, representing 10% of its issued Shares (excluding treasury shares) as at the Latest Practicable Date, was made on 31 December 2016;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.306 for each Share (being 105% of the Average Closing Price as at 31 December 2016) or via Off-Market Purchases at the Maximum Price of $0.348 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2016);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $9,437,976 for Market Purchases or $10,733,385 for Off-Market Purchases was financed entirely using its internal sources of funds; and

(iv) that the purchase or acquisition of Shares was made entirely out of capital and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**"), are set out below.

Scenario 1

Market Purchases of 30,843,059 Shares made entirely out of capital and held as treasury shares

	Group		**Company**	
	Before Share Purchase	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
As at 31 December 2016				
Share capital	36,832,301	36,832,301	36,832,301	36,832,301
Other reserves	1,373,083	1,373,083	-	-
Retained profits	76,217,875	76,217,875	9,545,665	9,545,665
	114,423,259	114,423,259	46,377,966	46,377,966
Treasury shares	-	(9,437,976)	-	(9,437,976)
Shareholders' funds	114,423,259	104,985,283	46,377,966	36,939,990
Current assets	106,389,242	96,951,266	13,878,281	10,106,864
Current liabilities	46,813,137	46,813,137	8,432,485	8,432,485
Cash and cash equivalents	74,685,219	65,247,243	3,771,417	-
Working capital	59,576,105	50,138,129	5,445,796	1,674,379
Total borrowings[(1)]	3,147,568	3,147,568	-	-
Net tangible assets[(2)]	112,711,124	103,273,148	46,368,366	36,930,390
Net profit after tax attributable to shareholders	14,338,069	14,338,069	7,175,380	7,175,380
Number of Shares	308,430,594	277,587,535	308,430,594	277,587,535
Financial Ratios				
Net tangible assets per Share (cents)	36.54	37.20	15.03	13.30
Earnings per Share[(3)] (cents)	4.65	5.17	2.33	2.58
Gearing ratio[(4)] (times)	0.03	0.03	-	-
Current ratio[(5)] (times)	2.27	2.07	1.65	1.20

Notes:-

(1) Total borrowings relate to finance leases.

(2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.

(3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the number of issued and paid-up shares.

(4) Gearing ratio equals total borrowings divided by shareholders' funds.

(5) Current ratio equals current assets divided by current liabilities.

Scenario 2

Off-Market Purchases of 30,843,059 Shares made entirely out of capital and held as treasury shares

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2016				
Share capital	36,832,301	36,832,301	36,832,301	36,832,301
Other reserves	1,373,083	1,373,083	-	-
Retained profits	76,217,875	76,217,875	9,545,665	9,545,665
	114,423,259	114,423,259	46,377,966	46,377,966
Treasury shares	-	(10,733,385)	-	(10,733,385)
Shareholders' funds	114,423,259	103,689,874	46,377,966	35,644,581
Current assets	106,389,242	95,655,861	13,878,281	10,106,864
Current liabilities	46,813,137	46,813,136	8,432,485	8,432,485
Cash and cash equivalents	74,685,219	63,951,834	3,771,417	-
Working capital	59,576,105	48,842,725	5,445,796	1,674,379
Total borrowings(1)	3,147,568	3,147,568	-	-
Net tangible assets(2)	112,711,124	101,977,739	46,368,366	35,634,981
Net profit after tax attributable to shareholders	14,338,069	14,338,069	7,175,380	7,175,380
Number of Shares	308,430,594	277,587,535	308,430,594	277,587,535
Financial Ratios				
Net tangible assets per Share (cents)	36.54	36.74	15.03	12.84
Earnings per Share(3) (cents)	4.65	5.17	2.33	2.58
Gearing ratio(4) (times)	0.03	0.03	-	-
Current ratio(5) (times)	2.27	2.04	1.65	1.20

Notes:-

(1) Total borrowings relate to finance leases.

(2) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.

(3) Earnings per Share is calculated based on net profit after tax attributable to shareholders divided by the number of issued and paid-up shares.

(4) Gearing ratio equals total borrowings divided by shareholders' funds.

(5) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2016 numbers and is not necessarily representative of the Company's or the Group's future financial performance.

7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of two weeks immediately preceding the announcement of the Company's quarterly results or one month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer (or, in the case of the Company, the Group Managing Director), substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 90,676,184 issued Shares in the hands of the public (as defined above), representing 29.4% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 59,833,125 Shares, representing 21.55% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company did not have any treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:-

(i) affecting adversely the listing status of the Shares on the SGX-ST;

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

(a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act, Chapter 134 (the **"Income Tax Act"**), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

(b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (**"TOC Appendix 2"**) of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

(i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Or Kim Peow Investments Pte Ltd, the controlling Shareholder of the Company, together with persons acting concert with it, comprising Or Kim Peow, Or Toh Wat, Ang Beng Tin, Or Kiam Meng, Oh Enc Nam and Or Lay Huat Daniel, who are Directors of the Company, and their close relatives, collectively held 56.62% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. NO SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders kept by the Company, are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	**%**	**Number of Shares**	**%**
Directors				
Or Kim Peow[1]	757,000	0.25	168,566,910	54.65
Or Toh Wat	322,000	0.10	-	-
Ang Beng Tin	323,500	0.10	-	-
Or Kiam Meng	322,000	0.10	-	-
Oh Enc Nam	133,000	0.04	-	-
Or Lay Huat Daniel	322,000	0.10	-	-
Chen Seow Phun, John[2]	-	-	38,000	0.01
Substantial Shareholders (other than Directors)				
Or Kim Peow Investments Pte Ltd	168,566,910	54.65	-	-
CS International (S) Pte. Ltd.[3]	43,125,000	13.98	-	-

Notes:

(1) Mr Or Kim Peow is deemed to have an interest in the 168,566,910 shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act.

(2) Dr Chen Seow Phun, John is deemed to have an interest in the 38,000 shares held by his wife, Mdm Lim Kok Huang, by virtue of Section 164(15) of the Companies Act.

(3) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act.

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 9, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2017 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 30 Tagore Lane Singapore 787484 during normal business hours from the date of this Letter up to the date of the 2017 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2016; and

(b) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
OKP HOLDINGS LIMITED

Or Kim Peow
Group Chairman

STATISTICS OF SHAREHOLDINGS

AS AT 7 MARCH 2017

Issued and fully paid-up capital	:	$36,832,301
Number of Shares	:	308,430,594
Class of Shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury share.

DISTRIBUTION OF SHAREHOLDINGS

(As at 7 March 2017)

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 – 99	332	10.92	3,273	0.00
100 – 1,000	91	2.99	66,342	0.02
1,001 – 10,000	1,105	36.34	6,760,768	2.19
10,001 – 1,000,000	1,499	49.29	69,329,005	22.48
1,000,001 and above	14	0.46	232,271,206	75.31
Total	**3,041**	**100.00**	**308,430,594**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 7 March 2017)

	Direct Interest	%	Deemed Interest	%
Or Kim Peow Investments Pte Ltd	168,566,910	54.65	–	–
CS International (S) Pte. Ltd. (1)	43,125,000	13.98	–	–
Or Kim Peow (2)	757,000	0.25	168,566,910	54.65

Notes:

(1) China Sonangol International Limited, Fung Yuen Kwan Veronica, Lo Fong Hung, Newtech Holdings Limited, New Bright International Development Limited and Sonangol E.P. are each deemed to be interested in the shares held by CS International (S) Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

(2) Or Kim Peow is deemed to have an interest in the 168,566,910 shares held by Or Kim Peow Investments Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 7 MARCH 2017

TWENTY LARGEST SHAREHOLDERS

(As at 7 March 2017)

No	Name	No of Shares	%
1	Or Kim Peow Investments Pte Ltd	143,566,910	46.55
2	CS International (S) Pte. Ltd.	43,125,000	13.98
3	Citibank Nominees Singapore Pte Ltd	25,575,300	8.29
4	Raffles Nominees (Pte) Limited	3,272,200	1.06
5	DBS Nominees (Private) Limited	3,044,668	0.99
6	OCBC Securities Private Limited	2,052,250	0.67
7	Oh Kim Poy	1,909,500	0.62
8	United Overseas Bank Nominees (Private) Limited	1,707,510	0.55
9	Lim Bee Kim	1,661,500	0.54
10	Maybank Kim Eng Securities Pte. Ltd.	1,551,700	0.50
11	Park Soo Kyung	1,421,800	0.46
12	Nah Wee Kee (Lan Weiqi)	1,224,400	0.40
13	OCBC Nominees Singapore Private Limited	1,095,918	0.36
14	Or Lay Tin	1,062,550	0.34
15	Phillip Securities Pte Ltd	920,551	0.30
16	Chua Kim Tiong	757,500	0.25
17	Or Kim Peow	757,000	0.25
18	Soo Kam Soon	650,000	0.21
19	STF Investments Ltd	607,000	0.20
20	Tan Yong Hoo	600,000	0.19
	Total	236,563,257	76.71

RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

Based on the information provided to the Company as at 7 March 2017, there were 90,676,184 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.40% of the issued shares of the Company. Accordingly, Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

OKP HOLDINGS LIMITED

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

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting (the "**AGM**") of OKP HOLDINGS LIMITED (the "**Company**") will be held at 30 Tagore Lane Singapore 787484 on Monday, 24 April 2017 at 11.00 a.m. for the following purposes:–

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited accounts for the financial year ended 31 December 2016 together with the Directors' Statement and the Independent Auditor's Report.

Resolution 2

2. To declare a final one-tier tax exempt dividend of $0.007 (2015: $0.007) per ordinary share and a special one-tier tax exempt dividend of $0.008 (2015: $0.003) per ordinary share for the financial year ended 31 December 2016.

Resolution 3

3. To re-elect Mr Or Kim Peow who is retiring by rotation pursuant to Article 107 of the Company's Articles of Association (the "**Articles**") and who, being eligible, offers himself for re-election as a Director.

Resolution 4

4. To re-elect Mr Or Kiam Meng who is retiring by rotation pursuant to Article 107 of the Articles and who, being eligible, offers himself for re-election as a Director.

Resolution 5

5. To re-elect Dr Chen Seow Phun, John who is retiring by rotation pursuant to Article 107 of the Articles and who, being eligible, offers himself for re-election as a Director.

   Dr Chen Seow Phun, John will, upon being re-elected as a Director, remain as the chairman of the Audit Committee and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Resolution 6

6. To approve the payment of Directors' fees of $180,000 (2015: $180,000) for the financial year ended 31 December 2016.

Resolution 7

7. To re-appoint Nexia TS Public Accounting Corporation as the Company's Independent Auditor and to authorise the Directors to fix their remuneration.

8. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AS SPECIAL BUSINESS

Resolution 8

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"<u>Authority to allot and issue shares</u>

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

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

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

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

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

provided that:–

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

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

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

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

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[see Explanatory Note (i)]

Resolution 9

10. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:–

“Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares (“**Shares**”) in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a “**Market Purchase**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

“**Prescribed Limit**” means 10% of the total number of issued Shares (excluding any Shares which are held as treasury shares) of the Company as at the date of the passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any Shares which are held as treasury shares);

“**Relevant Period**” means the period commencing from the date of the passing of this Resolution and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i)	in the case of a Market Purchase	:	105% of the Average Closing Price; and
(ii)	in the case of an Off-Market Purchase	:	120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (ii)]

BY ORDER OF THE BOARD

VINCENT LIM BOCK HUI
Company Secretary
Singapore
3 April 2017

Explanatory Notes:

(i) Ordinary Resolution 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities, (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 8 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) Ordinary Resolution 9 will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders which is enclosed with the Company's Annual Report, as an Appendix.

Notes:

(i) Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(ii) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(iii) A member 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 member.

(iv) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.

(v) The duly executed instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 30 Tagore Lane Singapore 787484, not less than 48 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of OKP Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees, and is sent for their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

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

ANNUAL GENERAL MEETING
PROXY FORM

I/We ____ (Name) _____________________ (NRIC/Passport/Co. Registration Number)

of ____ (Address)

being a member/members of OKP HOLDINGS LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person or both of the persons above, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company to be held at 30 Tagore Lane Singapore 787484 on Monday, 24 April 2017 at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
1.	Audited accounts for financial year ended 31 December 2016		
2.	Payment of final and special dividends		
3.	Re-election of Mr Or Kim Peow as a Director		
4.	Re-election of Mr Or Kiam Meng as a Director		
5.	Re-election of Dr Chen Seow Phun, John as a Director		
6.	Approval of Directors' fees of $180,000		
7.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor		
8.	Authority to allot and issue shares		
9.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this _______ day of ______________ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:–

1. Unless otherwise permitted under the Companies Act, Chapter 50 (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member 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 member.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form duly executed must be deposited at the registered office of the Company at 30 Tagore Lane Singapore 787484 not less than 48 hours before the time set for the AGM.

6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 3 April 2017.

OKP HOLDINGS LIMITED
UEN: 200201165G

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