
OKP HOLDINGS LIMITED
胡金標控股有限公司

# CONTENTS



## OUR STRATEGY

Overview of our vision and mission as well as strategy and future outlook moving forward



## OUR BUSINESS

Information on what we do, where we operate and who leads us, key milestones and achievements from past years



## OUR OPERATING AND FINANCIAL REVIEW

A management discussion and analysis on our operating and financial performance



## GOVERNANCE AND SUSTAINABILITY

A look at our sustainability report and efforts, corporate governance and risk management



## FINANCIAL CONTENTS

# OUR THEME

For this year's annual report, we feature on the cover a highway running across the letters OKP on a black tarmac background. Their associated meaning as seen in the tagline – OUR KEY PATHS – is imposed on the highway. Also on the highway are two moving cars, in red and in blue, depicting OKP's corporate colours.

The inside divider pages depict some of the Group's work as a transport infrastructure and civil engineering company. The dividers show a roller machine paving a road, the completed Alexander Canal and the completed CTE/TPE/SLE Interchange.

This overall imagery depicts OKP's theme for this year's annual report – OUR KEY PATHS. The theme emphasises the company's key paths going forward in areas such as safety, contracts, innovations, sustainability and operations.


It is symbolic of the Group's steady business as it moves purposefully forward to fulfil its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

Since it started as a sole-proprietorship in 1966 to grow to become a listed company today, OKP has faced the many ups and downs of the business cycle. With the Covid-19 pandemic spreading worldwide over the past two and a half years, Singapore and the entire world are now slowly emerging from the pandemic's many disruptions. With the implementation of worldwide vaccination, these interruptions such as nation-wide lockdowns, business closures, restricted personal movement and threats to personal health and safety, are seemingly behind us. Yet, emerging variants of the Covid-19 virus remain a threat and could cause major disruptions again.

The Group has kept assiduously to its key paths by strengthening its foundation through hard work, business expertise and solid leadership. Through the years, it has gained a well-earned reputation as a specialist transport infrastructure and civil engineering company in Singapore.

## ACHIEVING OKP'S MISSION

In the construction sector where OKP operates, the coronavirus pandemic over the two and a half years has sparked many disruptions such as standstills at construction sites, requirements to maintain safety check and contact-tracing measures at all our premises and delays in projects and delivery of construction materials. Thus, it has been a tough first quarter in 2022 for the Group, as it aims to rise above the difficulties and achieve its mission to be the first and preferred civil engineering contractor for the various industries here and overseas. It was a great relief for all construction companies when the Building and Construction Authority removed all sectoral Covid-19 rules for the construction sector on 15 March 2022.

Since then, our Group has quickly moved to put its operations in full swing. Indeed, we are pleased that we had been able to overcome the challenges and maintain our position as a respected 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. To diversify our revenue streams as a long-term strategy, OKP has also added property developments and investments as part of its business.

Through more than 50 years of business, the Group has grown purposefully to establish OKP as a specialist in transport infrastructure and civil engineering projects. We have been able to reach greater heights through our many advantages such as our vast expertise, effective leadership team and professional staff.

As we look forward to the year ahead, we will aim to optimise our many strengths, build our resilience and capabilities and keep our team strong and steady so that all of us can fortify our business together. In addition, we seek to perform well with our partners so that both parties can achieve growth. We will focus on our key paths in growing a sustainable and stable company for the years to come.

## 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 STRATEGY

### STAYING FOCUSED ON CORE COMPETENCIES

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

### 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 DEVELOPMENTS AND INVESTMENTS

As part of our long-term strategy, we seek to diversify our earnings through our property developments and investments.

## 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

# OUR CHAIRMAN'S STATEMENT

"OUR STRATEGY REMAINS THE SAME – TO FOCUS ON OUR CORE ABILITIES, EXPLORE OVERSEAS BUSINESS OPPORTUNITIES, AND DIVERSIFY EARNINGS THROUGH PROPERTY DEVELOPMENTS AND OTHER INVESTMENTS."

## Dear Shareholders

The year under review had been a difficult one but with the rollout of vaccinations to curb the spread of Covid-19, economies are rebounding and opening up their borders. However, variants of Covid-19 may emerge, so many countries while optimistic are still cautious of the lurking danger.

Singapore has followed suit and managed to grow its economy by 3.6 per cent in 2022, according to the Ministry of Trade and Industry's (MTI) announcement on 13 February 2023. But this growth is a drop from the 8.9 per cent figure in 2021.

The positive news is that the Singapore construction industry is finding its way out of the past three difficult years since the Building and Construction Authority removed all sectoral Covid-19 restrictions on 15 March 2022. With the resumption of construction activities, the construction sector posted growth of 6.7 per cent, extending the 20.5 per cent expansion in 2021, backed by both public and private sector construction works.

Amidst the uncertainties impacting the Singapore economy, OKP Holdings Limited (OKP) stays buoyant that it can overcome these adversities and grow with purpose to achieve its vision. Our vision is for the Group to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

Our strategy remains the same – to focus on our core abilities, explore overseas business opportunities, and diversify earnings through property developments and other investments.

As a progressive and nimble company, we form strategic joint ventures to develop properties, tendering for complex projects, and purchasing properties in Singapore and overseas. Our joint ventures to develop properties have yielded good results. Together with our partners, we have completed two residential projects, Amber Skye and LakeLife, in 2017. The Group and a joint venture partner had also won the tender in February 2018 to acquire a land parcel at Chong Kuo Road, Singapore to develop an 84-unit condominium named The Essence, which is now fully sold.

As part of our strategy to explore overseas business opportunities and diversify the Group's earnings, OKP, jointly with HSB Holdings Pte. Ltd., acquired its first overseas property in Perth, Australia in April 2018.

Since its founding, the Group has grown considerably, with its staff strength growing from 10 staff in 1967 to 409 in 2002 and 861 today.

In overcoming various hardships while going through the ups and downs of the business cycle, we have grown to become a well-recognised business in the transport infrastructure and civil engineering industry in Singapore and the region. The Group continues to be inspired by its mission – to be the first and preferred civil engineering contractor for the various industries, here and overseas. Through the decades, OKP's reputation has grown due to its solid track record, wide expertise, effective management team, and professional and capable workforce in civil engineering projects.

*Mr Masagos Zulkifli, Minister for Social and Family Development, Second Minister for Health & Minister-in-charge of Muslim Affairs, & Member of Parliament for Tampines GRC (second from left); Mr Desmond Choo, Mayor of North East District of Singapore (third from left); and Group Managing Director Mr Or Toh Wat (centre) at the opening ceremony of OKP's completed construction project at Sungei Tampines in July 2022.*

For the year under review, we have issued two reports – the annual report and a sustainability report. The Group ponders through sustainability issues in the formulation of its strategies. We believe that sustainability means operating our business in a way that is not only profitable but also makes a positive impact on our stakeholders and the environment. We believe this strategy leads to greater efficiency and better business performance. Since 2011, OKP has published a sustainability report as part of the annual report.

It is now presented as a separate report based on the Stock Exchange (SGX) Sustainability Reporting Guide, the Global Reporting Initiative (GRI) Standards, and the Task Force on Climate-related Financial Disclosures (TCFD).

## PERFORMANCE REVIEW

Although the year has been challenging, we are pleased to report a $27.6 million increase in revenue to $117.6 million during the financial year ended 31 December 2022 (FY2022). This was a jump of 30.7 per cent compared to the $90.0 million revenue in the financial year ended 31 December 2021 (FY2021). The rise was due mainly to a 44.8 per cent rise in revenue from the construction segment to $81.9 million and a 11.6 per cent increase in revenue from the maintenance segment to $29.5 million. These increases were partially offset by a 11.3 per cent dip in rental income.

The increase in revenue from both the construction and maintenance segments was due mainly to the temporary cessation of construction activities in compliance with the government's Covid-19 measures in FY2021 plus the higher percentage of revenue recognised from a number of existing and newly awarded construction and maintenance projects during FY2022.

The decrease in rental income generated from investment properties was attributed largely to the loss from foreign exchange translation of rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia. This was on account of the revaluation of Australian dollar to Singapore dollar. Rental income from the Group's investment properties at 35 Kreta Ayer Road and 69 and 71 Kampong Bahru Road held steady as recurring income.

The main contributor to OKP's revenue continued to be the construction segment, which accounted for 69.7 per cent (FY2021: 62.8 per cent) of total revenue for the financial year. The maintenance segment accounted for 25.0 per cent (FY2021: 29.3 per cent) while rental income accounted for 5.3 per cent (FY2021: 7.9 per cent) of our total revenue.

Gross profit increased by 59.2 per cent to $10.8 million in FY2022 compared to $6.8 million a year ago. This was attributed to an increase in the gross profit of the construction and maintenance segments to $6.9 million, up from $2.1 million in FY2021. However, the rental income segment showed a drop in gross profit to $3.9 million, down from last year's $4.7 million.

The gross profit margin for the construction and maintenance segments went up to 6.2 per cent for FY2022 compared to 2.5 per cent a year ago. The improvement in the gross profit margin was mainly attributed to the Group's ongoing initiatives to improve cost management, despite the higher material costs and rising manpower costs. Gross profit margin for the rental income segment dipped to 62.6 per cent compared to 67.0 per cent in the previous year.

Other gains declined by 61.6 per cent to $3.0 million for FY2022 from $7.7 million a year ago. The dip was due largely to a drop in receipt of payouts and rebates from the government by $2.1 million, which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by Covid-19; a decrease in fair value gain of $2.1 million arising from the revaluation of some of the investment properties; and an increase of $0.5 million in impairment loss on other receivables.

Administrative expenses increased by 33.3 per cent to $12.4 million, from $9.3 million for FY2021. The increase was largely due to a one-off increase of $3.6 million in legal fees incurred for arbitration proceedings during FY2022, which was partially offset by a drop of $0.5 million in salary costs in FY2022.

The Group's balance sheet stayed healthy. With a healthy cash position of $20.8 million as at 31 December 2022, net tangible assets amounted to $122.0 million, a slight dip from $123.5 million a year ago. This was equivalent to net tangible assets per share of 39.75 Singapore cents, compared to 40.25 Singapore cents per share in the previous year.

To reward shareholders for their support, the Board of Directors has proposed a final cash dividend of $0.007 per share. The proposed dividend represents a dividend yield of 4.5 per cent, based on OKP's closing share price of 0.155 cents on 31 December 2022.

*OUR STRATEGY*

# OUR CHAIRMAN'S STATEMENT

## FORTIFYING OUR STRENGTHS AND RESILIENCE

The Group's extensive efforts and wide skillsets have been well acknowledged in the industry as it has won numerous awards for its work through the years.

Since FY2022, we managed to secure two more new projects – one construction project and one maintenance project, with aggregate contract value of approximately $196.2 million. The Group completed two maintenance projects, which were handed over to the clients. We continued the execution of 10 ongoing construction projects and five maintenance projects, which have been secured since February 2015. Currently, our net order book stays healthy at $454.1 million, with projects extending till 2026.

## ON TRACK FOR A BRIGHTER FUTURE

With the impact of the Covid-19 pandemic lessening to some extent, the Singapore construction industry is getting up on its feet again with the resumption of projects.

Business expectations for the first half of 2023 are encouraging. According to the Building and Construction Authority's (BCA) Business expectations of the construction sector January 2023 to June 2023 (1H2023) survey, contractors are very optimistic in their business outlook for 1H2023. A weighted 54 per cent of contractors are positive about business conditions in the construction sector while a weighted 9 per cent are pessimistic. Overall, a net weighted balance of 45 per cent of contractors expect business conditions in the construction sector to improve in 1H2023 compared to the period from July to November 2022. The immediate-term business prospects of contractors are much more upbeat compared to the last time they were surveyed in mid-2022, when only a net weighted balance of 14 per cent expected business conditions to improve in 2H2022.

Most segments of contractors expect more favourable business conditions with increasing tender opportunities in 1H2023 except for the A2 and B1 Building and A2/B1/B2 Civil Engineering segments. The less positive sentiment among the A2 and B1 Building and A2/B1/B2 civil engineering segments could be due to their concerns of more intense tendering competition and hike in business costs.

Across all segments, contractors foresee that their profit margins will shrink in 1H2023. Their pessimism might be fuelled by global inflationary pressures driving up business costs. Contractors expect all construction costs to trend up in 1H2023. Of the contractors who foresee that construction tender price will increase in 1H2023, four out of 10 expect the tender price to spike by over 20 per cent. Inflationary expectations towards manpower, however, are kept more in check. Of the contractors who foresee that labour cost will increase in 1H2023, most expect an increase of between 5 per cent and 10 per cent.

Despite these sentiments, all segments except for the B1 Building segment are looking to increase their headcount

*Mr Baey Yam Keng, Senior Parliamentary Secretary, Ministry of Sustainability and the Environment & Ministry of Transport, & Member of Parliament for Tampines GRC at the opening ceremony of ABC Waters @ Sungei Tampines, one of OKP's completed construction projects.*

in 1H2023. Overall, a net weighted balance of 27 per cent of contractors expect to increase hiring in 1H2023. The more optimistic employment outlook among contractors could be a response to more relaxed border restrictions.

This buoyant outlook is reinforced by the BCA's announcement on 12 January 2023, which stated that the total construction demand in 2023 is projected to range between $27 billion and $32 billion, similar to last year's projection. Over the medium-term from 2024 to 2027, BCA expects the total construction demand to reach between $25 billion and $32 billion per year.

Based on the above optimistic expectations and projections for the construction sector, civil engineering construction demand is expected to stay positive. The promising outlook enhances the prospects for transport infrastructure and civil engineering companies such as OKP.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2022 real estate statistics, which were announced on 27 January 2023, revealed that prices of private residential properties increased by 0.4 per cent in 4th Quarter 2022, compared with the 3.8 per cent increase in the previous quarter. For the whole of 2022, prices of private residential properties increased by 8.6 per cent, compared with the 10.6 per cent increase in 2021. These statistics largely reflect the current market conditions after the latest round of property cooling measures was introduced in September 2022. The Group expects the private residential market to remain challenging and will remain discerning in replenishing its land bank.

In the midst of global uncertainties due to economic and political instability, OKP is focused on building a sustainable and resilient business as it is an experienced contractor, especially for public sector projects. To stay ahead of the competition and to be on track for growth, the Group has been widening its expertise and increasing its proficiencies by venturing into property developments locally and overseas.

In 2017, the Group successfully completed two projects – the 109-unit freehold Amber Skye at Amber Road, and the 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road.

Currently, the Group is progressing well with two residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road.

The 99-year leasehold project called The Essence has won three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at Property Guru Asia Property Awards Singapore 2019. It is expected to receive its temporary occupation permit (TOP) in April 2023 and is fully sold.

Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure. The project is expected to receive its TOP in July 2024 and is fully sold.

To grow and diversify its business, the Group has also been investing in several properties locally and overseas.

In 2021, three properties in Singapore were acquired for investment. The acquisition of the property at 35 Kreta Ayer Road for $11.3 million was completed in January 2021. It has a freehold tenure and comprises a three-storey with attic shophouse. The other properties are a pair of adjoining two-storey conservation shophouses, 69 and 71 Kampong Bahru Road, acquired in May 2021. The freehold properties were purchased for $12.4 million.

In November 2019, OKP acquired a freehold property located at 32 Tagore Lane in Singapore for $8.0 million. The freehold property comprises a two-storey corner light industrial terrace factory.

The Group has also extended its footprint overseas by purchasing its first overseas property, a freehold office complex in Australia in April 2018. Purchased at A$43.5 million, this property at 6-8 Bennett Street in East Perth, Western Australia is fully occupied by a mix of government and corporate tenants.

According to the Property Council of Australia's Office Market Report released on 2 February 2023, both the Perth Central Business District (CBD) and West Perth office markets had a strong start to 2023. In late 2022, office occupancy rates returned to 80 per cent of pre-Covid levels, which represented a victory for the many stakeholders, who encouraged the recovery of Perth's CBD following the pandemic. The Group is confident that its Australian acquisition will continue to generate revenue.

At OKP, we will continue to focus on the key path in our core civil engineering business, where we have a decades-long track record and extensive expertise as the preferred civil engineering contractor for various industries.

However, we are also realistic and expect the operating environment in the construction industry to remain challenging, driven by rising costs for manpower, building materials, electricity, and financing. However, construction material costs in Singapore have begun to moderate from the spikes recorded in the first half of 2022.

To address these issues, our organisation will remain vigilant in navigating challenging market conditions and continue to ensure good cashflow management and remain prudent with its capital structure and finances. The Group will continue to raise its productivity through the application of technology in its business processes to reduce reliance on manpower and upskill its workforce.

Backed by a solid track record and industry expertise, OKP will continue to leverage on its capabilities to secure contracts from both the public and private construction sectors. We will also look into new businesses, through acquisitions, joint ventures and/or strategic alliances, that could complement our construction and maintenance business. These will enable us to step into new markets and gain new clients.

*OKP is involved in the improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea).*

## A NOTE OF THANKS

On behalf of the Board, I would like to express my heartfelt gratitude for the support of our shareholders, clients, business associates and suppliers through the years. I would like to thank and commend the management team for their strong leadership and good teamwork. As we move ahead, I am confident that each of you will give your dedication and very best to make OKP resilient and steadfast so as to achieve a sustainable future.

I would also like to say a big thank you to our Board of Directors for their invaluable guidance and excellent counsel. All of you have contributed your time, efforts and talents to make the Group what it is today – and I am very appreciative of all of you for your staunch support. Working in sync as an agile team, we will keep our organisation strong and steady, fortify our business together as well as perform well with partners.

We believe we are on track to build a resilient and top-notch company and fully realise our vision to be one of the leading transport infrastructure and civil engineering companies in Singapore and the region now and in the future.

**OR KIM PEOW**
Group Chairman

OUR STRATEGY

# OUR GROUP MANAGING DIRECTOR'S REVIEW

> **THE GROUP'S BUSINESS REMAINS FUNDAMENTALLY SOLID AS IT SEEKS TO REALISE ITS VISION TO BE A LEADING TRANSPORT INFRASTRUCTURE AND CIVIL ENGINEERING COMPANY IN SINGAPORE, THE REGION AND BEYOND.**

Due to vaccination efforts, the Covid-19 pandemic has eased, although new variants have emerged and may cause havoc in the global and local economies again. Nevertheless, the Singapore construction industry is getting back on its feet and was able to resume full operations when the Building and Construction Authority (BCA) removed all sectoral Covid-19 restrictions on 15 March 2022.

There is a positive tone for the construction sector with a pipeline of construction projects. This encouraging outlook can be seen from the BCA's announcement on 12 January 2023, where it highlighted that the total value of construction contracts to be awarded in 2023 will range between $27 billion and $32 billion, which is a similar figure to the previous year.

Contributing about 60 per cent of the total construction demand, the public sector is projected to draw between $16 billion and $19 billion worth of construction activities. This is because of a strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order flats supply, and industrial and institutional building construction. More projects for the construction of water treatment plants, educational buildings and community clubs are part of the industrial and institutional building works. In addition, civil engineering construction demand is projected to stay firm with continued support from MRT line construction and other infrastructure works.

In the case of the private sector, construction demand is estimated to reach between $11 billion and $13 billion in 2023. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Commercial building demand is expected to go up, due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values.

Over the medium term, BCA sees steady total construction demand of between $25 billion and $32 billion per year from 2024 to 2027. The Changi Airport Terminal 5 development and infrastructure projects as well as the two Integrated Resorts' expansion are not included in these projected figures.

Leading the demand is the public sector, which is expected to contribute $14 billion to $18 billion per year. About 60 per cent of the demand will come from building projects and the remaining from civil engineering works. In addition to public housing developments, there are various major developments in the pipeline, such as MRT projects including the Cross Island Line (Phases 2 & 3), Downtown Line Extension to Sungei Kadut, and Brickland North South Line Station, the Toa Payoh Integrated Development, and Woodlands Checkpoint redevelopment. The private sector construction demand is projected to remain steady over the medium term, reaching about $11 billion to $14 billion per year. This is in view of healthy investment appetite amid Singapore's good economic fundamentals.

With our good track record in public sector works and civil engineering projects, OKP looks with keen interest to bidding for some of these transport infrastructure and civil engineering projects.

## WINNING NEW PROJECTS

The Group maintained its position in the public sector by winning one new construction project and one maintenance project.

These two contracts, worth approximately $196.2 million, were from the Land Transport Authority. They comprised the commuter infrastructure enhancement works at new MRT stations at various locations island-wide; and the maintenance of roads, road-related and commuter-related facilities along South East sector.

Currently, our net order book remains healthy at $454.1 million with projects extending till 2026.

## EXECUTING AND PERFORMING EFFICIENTLY

The Group's business remains fundamentally solid as it seeks to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond.

With the removal of the Covid-19 restrictions in Singapore, OKP quickly resumed its operations and moved speedily to execute and perform its contracts.

Thus, the Group was able to lift its revenue, which went up by 30.7 per cent to $117.6 million in the past financial year ended 31 December 2022 (FY2022), compared to the previous year's revenue (FY2021). The jump was attributed mainly to a 44.8 per cent rise in revenue from the construction segment to $81.9 million and a 11.6 per cent increase in revenue from the maintenance segment to $29.5 million. However, these increases were partially offset by a 11.3 per cent drop in rental income.

After undergoing the past three tumultuous years of the Covid-19 pandemic and in the face of a competitive business environment, OKP is even more determined to maintain its leadership position in the transport infrastructure and civil engineering market in Singapore, while at the same time, branching out strategically into property development and investment to strengthen our business.

At OKP, we are very appreciative of the good work and dedication of our responsible and capable staff, who have been instrumental in supporting our organisation in the execution and successful completion of projects. All our major functions are well-manned by experienced workers, who can interact effectively with other colleagues internally; and with clients, suppliers and business partners externally. As with all service-oriented businesses, manpower and talent continue to be significant issues facing the Group. We have made it a priority to orientate our new employees, nurture our people and provide sponsorships and scholarships to tap potential hires. We believe that we have managed our resources efficiently.

Developing the potential of present and future staff will always remain our focus. It is only when we have a professional and competent team in place that we will be able to deliver our projects to the high quality of service that our clients have come to expect of OKP.

As an employer of 861 staff, workplace safety is one of the key aspects of our operations. We are committed to providing our employees with a safe accident-free working environment and ensuring that they go home safe and sound after work. This pledge extends to our contractors, subcontractors and others, who come to work at our worksites and premises. Nurturing a culture of safety and excellent environmental awareness within the Group, especially during the Covid-19 pandemic, is a key factor in our business planning and operations. This involves training our workforce, organising drills and taking all necessary steps to ensure the working environment is kept safe, risk-free and virus-free. If we do fail in our safety standards, we impose stricter measures and ensure safety is not compromised.

*Commuter and road infrastructure works in Pasir Ris and Loyang is an OKP's ongoing construction project.*

As a leading home-grown transport infrastructure and civil engineering company in the region, we have two core business segments namely, construction and maintenance, plus the rental income segment from investment properties. Our business strategy remains in focusing on our core competencies, exploring overseas business opportunities, and diversifying earnings through property development and other investments. We have expanded our capabilities by setting up joint ventures to develop properties and bid for complex projects.

## CONSTRUCTION: REINFORCING OUR POSITION IN PUBLIC SECTOR WORKS

During the year under review, the construction segment saw a 44.8 per cent rise in revenue to $81.9 million. The increase was mainly because construction activities resumed after their temporary cessation in compliance with the government's Covid-19 measures in FY2022. There was also a higher percentage of

*OUR STRATEGY*

# OUR GROUP MANAGING DIRECTOR'S REVIEW

revenue recognised from a number of existing and newly awarded construction projects during FY2022. It continued to be the major contributor to the Group's revenue, accounting for 69.7 per cent of total revenue for the year under review.

During FY2022, OKP won one new construction project for commuter infrastructure enhancement works at new MRT stations at various locations island-wide.

Two construction projects were completed in FY2022. One construction project was the improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway), which was won in May 2018 with the completion extended to April 2022. The other was for the widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10. This project was secured in October 2018 and the completion was extended to May 2022.

Currently, the Group is busy with 10 ongoing construction projects. These are: Walk2Ride Programme (two contracts); construction of covered linkways to Thomson East Coast Line Stage 1, 2 and 3 Stations; construction of link sewers for the Deep Tunnel Sewerage System phase 2 project schedule III contract 1 (Jalan Buroh/Tanjong Kling Road); proposed construction of new infrastructure at Tukang Estate; commuter and road infrastructure works in Pasir Ris and Loyang; improvement to Sungei Selarang and Sungei Selarang subsidiary drain A; construction of link sewers for Deep Tunnel Sewerage System phase 2 project – schedule 1 – contract 2 (Commonwealth Avenue West/ Clementi Avenue 2/University Flyover) (balance works); improvement to Benoi Road outlet drains plus the one new contract involving commuter infrastructure enhancement.

## MAINTENANCE: PROVIDING A SOURCE OF RECURRENT INCOME

Maintenance contracts provide the "bread-and-butter" of OKP's business, as it ensures a steady stream of recurrent revenue. However, these contracts are lower in value than construction projects and are executed over a longer period of time but they play a significant role as part of our core business. They are also a key part of the services that we provide to our clients. Over the years, the Group has established a solid reputation in this area of work with many repeat clients.

There was a 11.6 per cent increase in revenue from the maintenance segment to $29.5 million. The rise was due mainly to the temporary cessation of maintenance activities in compliance with the government's Covid-19 measures in FY2021, together with the higher percentage of revenue recognised from a number of existing maintenance projects during FY2022. This segment contributed 25.0 per cent of OKP's total revenue.

We secured one new maintenance contract in February 2023. This was the road maintenance contract for South East Sector.

*OKP is involved in the ongoing term contract for road related facilities, road structures and road safety schemes for East Sector at Parliament Place.*

In 2022, there were two completed maintenance projects. The first completed maintenance project was the improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate Areas). This project was won in January 2018 with the completion extended to May 2022. The second project was the improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates). This project was won in January 2019 with the completion extended to February 2022.

Currently, OKP is continuing with the execution of five ongoing maintenance projects, which had been secured since April 2019. These are: road maintenance contract for Expressway; road maintenance contract for North East Sector; term contract for road related facilities, road structures and road safety schemes for East Sector; improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea); plus the newly won road maintenance contract for South East Sector.

## ENABLING SMOOTH PROJECT OPERATIONS

Excellent project management is essential for smooth and competent project execution. The Group is fortunate to have managers who have the right aptitude to motivate the workers to give their best efforts.

At OKP, we prioritise teamwork and good communication to enable everyone to execute our projects efficiently. This approach ensures that our organisation delivers to its clients a high level of service on time, on budget and to their satisfaction.

## RENTAL INCOME FROM INVESTMENT PROPERTIES: PROVIDING MORE RECURRENT INCOME

The Group has extended its property business by exploring potential good investments in Singapore and overseas.

In 2021, OKP purchased three properties in Singapore to expand its investment portfolio. In January, it completed the acquisition of 35 Kreta Ayer Road for $11.3 million. The freehold property comprises a three-storey with attic shophouse. In May, the Group purchased a pair of adjoining two-storey conservation shophouses, 69 and 71 Kampong Bahru Road. The freehold properties were purchased for $12.4 million.

In November 2019, we acquired a freehold property located at 32 Tagore Lane in Singapore. The $8.0 million freehold property comprises a two-storey corner light industrial terrace factory.

Rental income from investment properties has made a recurring contribution to OKP's overall revenue. For FY2022, rental income dropped by 11.3 per cent to $6.3 million.

The rental income from investment properties was mainly from the overseas property at 6-8 Bennett Street, East Perth, Western Australia; and from the Singapore investment properties at 35 Kreta Ayer Road, and 69 and 71 Kampong Bahru Road. The freehold office complex at 6-8 Bennett Street in East Perth comprises a four-storey building, a Grade A nine-storey building and a multi-storey car park.

The decrease in rental income from investment properties was mainly attributed to the loss from foreign exchange translation arising from the rental income generated from the property in East Perth, Western Australia. This was due to the revaluation of Australian dollar to Singapore dollar.

As a result of the overseas investment in East Perth, the Group has two geographical segments, namely Singapore and Australia, since FY2018.

## PROPERTY DEVELOPMENTS: DIVERSIFYING OUR EARNINGS

Currently, OKP is progressing well in the development of its two residential properties, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore.

With a 99-year leasehold tenure, The Essence is a condominium project comprising two five-storey blocks with 84 units. Launched in March 2019, this award-winning condominium is fully sold.

*One of OKP's ongoing construction projects is the improvement to Benoi Road outlet drains.*

Phoenix Residences is a 74-unit residential development project with a 99-year leasehold tenure. It was launched in November 2020 and re-launched in July 2021. Phoenix Residences is expected to receive its temporary occupation permit in July 2024 and all its units have been sold.

In 2017, we completed two property projects in Singapore – Amber Skye, a condominium at Amber Road and LakeLife, an executive condominium at Yuan Ching Road/ Tao Ching Road.

Our property developments and investments have been strategic, assisting us to diversify our business and revenues. We will continue to explore potential opportunities to enhance our property development and investment portfolio in Singapore and regionally.

## EXERCISING PRUDENT FINANCIAL MANAGEMENT

The Group's gross profit for FY2022 rose by 59.2 per cent to $10.8 million compared to $6.8 million for FY2021. This was due to an increase in the gross profit of the construction and maintenance segments to $6.9 million compared to the previous year's $2.1 million. However, there was a dip in the rental income segment, with gross profit of $3.9 million, down from $4.7 million last year.

The gross profit margin for the construction and maintenance segments increased from 2.5 per cent in FY2021 to 6.2 per cent in FY2022. The improvement in the gross profit margin was mainly attributed to OKP's ongoing initiatives to improve cost management, despite mounting costs.

In view of an increasingly challenging operating environment, driven by rising costs for manpower and materials, electricity, and financing, our organisation will continue to look at various initiatives to strengthen our project management and tighten our cost controls.

However, exercising a high level of financial prudence does not mean cutting corners. For the Group, good execution is an important factor to ensuring that projects are completed on time and within budget, and our organisation remains dedicated to a high level of operational efficiency. This will help us to overcome current headwinds and enable our business to be more resilient now and in the future.

## ACKNOWLEDGEMENT

I would like to say a big thank you and express my heartfelt gratitude to my management team and all staff for their great efforts, dedication and excellent teamwork. I am very sure that as we optimise our many strengths, build our resilience and enhance our capabilities, we can prevail over the ups and downs of the business cycle, and achieve a sustainable and brighter future for the Group. Indeed, we can then move ahead to realise our mission to be the first and preferred civil engineering contractor for the various industries in Singapore and beyond.

**OR TOH WAT**
Group Managing Director

*OUR STRATEGY*

# OUR OUTLOOK

## ECONOMIC OUTLOOK

The rollout of vaccinations to deter the spread of Covid-19 has resulted in many countries reopening their economies. Since its reopening, Singapore managed to grow its economy by 3.6 per cent in 2022, according to the Ministry of Trade and Industry's (MTI) announcement on 13 February 2023. However, this figure was a drop from the 8.9 per cent growth in 2021.

Since its spread more than three years ago, Covid -19 has adversely impacted businesses worldwide, but the development of new vaccines and the implementation of national vaccination programmes in many countries have brought some respite. However, with new variants of the virus emerging, uncertainties remain in the global economic environment.

Other worries include rising interest rates and high inflation affecting financial stability, and the war in Ukraine disrupting supply chains and global trade. There are also continuing signs of trade wars and political unrest, which have negatively affected trade across the world, including Singapore.

Taking into consideration the developments in the global and domestic economic arena, and barring any new downside risks, MTI has maintained the local GDP growth forecast for 2023 at 0.5 to 2.5 per cent.

## INDUSTRY OUTLOOK

According to MTI, the Singapore construction industry grew by 6.7 per cent in 2022, extending the 20.5 per cent growth in 2021, as it was supported by both public and private sector construction works. The construction sector was able to resume full operation when the Building and Construction Authority (BCA) removed all sectoral Covid-19 restrictions on 15 March 2022.

The BCA's projections are optimistic. Its estimates announced on 12 January 2023 indicated that the total value of construction contracts to be awarded in 2023 will range between $27 billion and $32 billion, similar to the estimates in 2022.

The positive construction outlook is mainly attributed to the public sector, which contributes about 60 per cent of the total construction demand, and is expected to see demand of between $16 billion and $19 billion. The public sector's support comes from a continued strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order flats supply. In addition, industrial and institutional building construction is anticipated to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Moreover, civil engineering construction demand is expected to stay firm with continued support from MRT line construction and other infrastructure works.

In the case of the private sector, demand is expected to reach between $11 billion and $13 billion in 2023, comparable to the volume in 2022. Both residential and industrial building construction demand are anticipated to be similar to last year's level, propped by the development of new condominiums and high-specification industrial buildings. Commercial building demand is projected to increase, due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values.

Looking ahead over the medium-term, BCA expects the total construction demand to reach between $25 billion and $32 billion per year from 2024 to 2027. This projection excludes the Changi Airport Terminal 5 development and its associated infrastructure projects as well as the two Integrated Resorts' expansion.

The public sector is expected to take the lead in demand and contribute $14 billion to $18 billion per year from 2024 to 2027. About 60 per cent of the demand will come from building projects and the rest from civil engineering works.

Besides public housing developments, public sector construction demand over the medium-term will be supported by various major developments. These include MRT projects including the Cross Island Line (Phases 2 & 3), Downtown Line Extension to Sungei Kadut and Brickland North South Line Station, Toa Payoh Integrated Development and Woodlands Checkpoint redevelopment.

For the private sector, construction demand is projected to remain steady over the medium-term, reaching approximately $11 billion to $14 billion per year from 2024 to 2027. This is due to the healthy investment commitments amid Singapore's strong economic fundamentals.

In view of the above estimates and with hopes of a gradual recovery of the global economy, transport infrastructure and civil engineering construction demand are expected to remain positive till 2027.

*Under the Walk2Ride programme, OKP has completed the covered linkway at Sengkang East Way.*

*Proposed construction of new infrastructure at Tukang Estate is an ongoing OKP's construction project.*

This promising outlook gives a much-needed boost to the prospects of transport infrastructure and civil engineering companies such as OKP.

Nevertheless, the reality is that although the Covid -19 pandemic has eased, there is no guarantee that its variants will not unleash their disruptive forces again. The construction industry has to stay vigilant even as it continues to face various difficulties such as rising business costs, manpower constraints and tight supply of materials. This is mainly due to the government policies and legislation involving foreign worker recruitment, and global supply chain issues.

In the case of the property market, the Urban Redevelopment Authority's 4th Quarter 2022 real estate statistics, which were announced on 27 January 2023, revealed that prices of private residential properties increased by 0.4 per cent in the 4th quarter of 2022, compared with the 3.8 per cent rise in the previous quarter. For the whole of 2022, prices of private residential properties went up by 8.6 per cent, compared with the 10.6 per cent increase in 2021.

These statistics on the private residential market, including the price trend and transaction volume for the whole of 2022, largely reflect the current market conditions after the latest round of property cooling measures was introduced in September 2022. These measures included tighter loan-to-value limit and a longer wait-out period of 15 months for current and former owners of private residential property to buy a non-subsidised HDB resale flat. This has led to a decrease in transaction volume and a moderation of price growth in both the private and housing board resale markets in the fourth quarter. Due to higher construction costs, the Group expects the private residential market to remain challenging and will remain discerning in replenishing its land bank.

On the other hand, contractors' sentiments appear to be positive for 2023. According to the BCA's survey on Business Expectations of the Construction Sector from January 2023 to June 2023 (1H2023), contractors are very optimistic in their business outlook for 1H2023.

A weighted 54 per cent of contractors are sanguine about business conditions in the construction sector while a weighted 9 per cent are pessimistic. Overall, a net weighted balance of 45 per cent of contractors expect business conditions in the construction sector to improve in 1H2023 vis-à-vis the period from July to November 2022. The immediate-term business prospects of contractors are much more positive compared to the last time they were surveyed in mid-2022, when only a net weighted balance of 14 per cent expected business conditions to improve in 2H2022.

## COMPANY OUTLOOK

With the easing of the Covid -19 pandemic and anticipation of a gradual economic recovery, our organisation is focused on its key path to realise its vision. The Group envisions itself to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. We remain steadfast and nimble, overcoming many past obstacles to achieve our business goals. The company's business remains fundamentally sound due to its main strengths such as well-recognised track record, vast experience and an effective management team.

In our core construction and maintenance business, OKP stays prudently positive of prospects, having successfully won two projects – one new construction project in October 2022 and one maintenance project in February 2023. The Group continues to be supported by a strong pipeline of projects. As at 20 February 2023, our net construction order book stood at $454.1 million, with projects extending till 2026.

Furthermore, OKP has been leveraging its abilities by getting into joint ventures for property developments and bidding for potential complex projects. For property development, OKP is progressing well with its two ongoing residential developments, The Essence at Chong Kuo Road and Phoenix Residences at Phoenix Road, both in Singapore. Both The Essence and Phoenix Residences are fully sold.

As part of its ongoing initiatives to diversify and build its earnings and generate recurrent income, the Group has also extended its footprint overseas by purchasing its first overseas property, a freehold office complex in Perth, Australia in January 2018.

The Australian investment has remained positive as both the Perth and West Perth markets are showing strong signs of improvement. According to the Property Council of Australia's Office Market Report announced on 2 February 2023, Perth's office market remains robust, with the current Central Business District's vacancy rate now at 15.6 per cent, a 0.2 per cent improvement. While the improvement seems modest, the results in the report are a strong indicator of underlying market resilience as an additional 13,788 sq m space was added to the market in the reporting period. Even with businesses adapting to hybrid workforce arrangements, the role of the office remains central to the employee experience. There is a shift from desk dominant office space, with tenants increasingly requiring more room for a superior office experience, with additions such as wellness rooms, collaboration spaces and lounges for socialising.

In view of the above, Perth's office market remains optimistic. With nationwide vaccinations to deter the spread of Covid -19, positive market sentiments are expected to return in the foreseeable future.

In Singapore, OKP also extended its property investment portfolio. It acquired a shophouse at 35 Kreta Ayer Road in January 2021 and adjoining two-storey conservation shophouses at 69 and 71 Kampong Bahru Road in May 2021.

As the Group moves strategically ahead to attain a sustainable and bright future, we will continue to build a more resilient and sustainable company in the years ahead.

# OPTIMISING OUR MANY STRENGTHS

## BUILDING RESILIENCE AND CAPABILITIES


Amidst current economic uncertainties, we are able to optimise our many strengths as a leading transport infrastructure and civil engineering company. We have also expanded our capabilities by diversifying into property development and other investments. Our advantages are our good track record, vast expertise, effective management and skilful team.

*OUR BUSINESS*

# OUR CORPORATE PROFILE

OKP Holdings Limited (OKP) and its subsidiary corporations are a leading transport infrastructure and civil engineering group in Singapore. The Group specialises 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.

The Group also carries out maintenance works for roads and road-related facilities as well as building construction-related works. Over the past decade, OKP has expanded its core business to include property development and investment.

Wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd (OKPC) was started by founder and Chairman, Mr Or Kim Peow, in 1966 as a sole-proprietorship and celebrated 50 years in business in 2016. Since then, the Group has grown considerably while building its capabilities and establishing its track record to realise its vision to be a leading transport infrastructure and civil engineering company in Singapore, the region and beyond. Our organisation has two core business divisions, construction and maintenance, and tenders for public and private civil engineering and infrastructure projects as well as maintenance contracts.

Through the decades, OKP has worked diligently and efficiently to achieve its mission to be the first and preferred civil engineering contractor for the various industries. The Group has acquired a solid list of clients from 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

Although the Covid-19 pandemic has eased, economic upheavals and political turbulence are still prevailing and affecting many countries worldwide. In the face of these challenges, OKP has been nimble in adapting to changes to overcome these difficulties to achieve its business goals. Our strategy is to develop our resilience by staying focused on our core competencies and at the same time, growing our presence in other revenue-generating sectors such as property developments and investments. Our abilities and position as a leading player in the public sector have been well acknowledged, particularly in Singapore.

Our wholly-owned subsidiary corporations, OKPC and Eng Lam Contractors Co (Pte) Ltd, are A1 grade civil engineering contractors under the Building and Construction Authority Contractors' Registry, which permit them to bid for public sector construction projects of unlimited value.

Taking a strategic view, the Group has embarked on several key initiatives to develop its expertise and widen its experience in the competitive business environment by investing in several joint ventures. In 2014, OKP

*Under the Walk2Ride programme, OKP has completed the covered linkway at Jurong Gateway.*


*OKP is co-developing Phoenix Residences at Phoenix Road.*

invested in an associated company, United Singapore Builders Pte. Ltd., with four other established construction companies with the aim of taking part in complex project tenders.

In addition, the Group regularly explores new opportunities to build its property development and investment portfolio, through joint ventures as well as on its own. Past property development projects include a 546-unit executive condominium, LakeLife, at Yuan Ching Road/Tao Ching Road and a luxury condominium, Amber Skye, at Amber Road, both in Singapore.

In February 2018, we won a tender with a joint partner to acquire a land parcel at Chong Kuo Road in Singapore. The development called The Essence, a residential condominium comprising 84 units, was launched in March 2019. The Essence is fully sold and it will receive its temporary occupation permit (TOP) in April 2023. Another winning bid was Phoenix Residences in Singapore in August 2018, a 74-unit residential condominium, which was launched in November 2020 and re-launched in July 2021. The project is expected to receive its TOP in July 2024 and is fully sold.

The Group took a significant strategic step in February 2018 by acquiring its first overseas property, a freehold modern office complex at 6-8 Bennett Street, East Perth in Australia. The acquisition was done jointly with a partner.

We have also ventured into investments in Singapore and have bought several properties in recent years. In May 2021, the Group acquired 69 and 71 Kampong Bahru Road, Singapore for $12.4 million for investment. The freehold properties comprise a pair of adjoining two-storey conservation shophouses, occupying a land area of approximately 2,343 sq ft. Earlier in January 2021, OKP purchased a shophouse at 35 Kreta Ayer Road, Singapore for $11.3 million for investment. This freehold property comprises a three-storey with attic shophouse and occupies a land area of approximately 1,568 sq ft and has a total floor area of approximately 4,240 sq ft.

Through more than 50 years, the Group has won various accolades for its annual reports, corporate governance, safety and environment efforts and investor relations. Since 2006, OKP has won a total of 32 safety awards, 10 green and gracious awards, one construction environment award and one Eco-Office certification.

In 2019, our associated company, Chong Kuo Development Pte Ltd, was recognised for three awards for The Essence – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at Property Guru Asia Property Awards Singapore 2019.

In August 2010, we made it to 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. The company has 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 $47.6 million (2021: $59.9 million) while net tangible assets amounted to $122.0 million (2021: $123.5 million) as at 31 December 2022.

OUR BUSINESS

# OUR MILESTONES

## 2021

- Acquired a pair of adjoining two-storey conservation shophouses at 69 Kampong Bahru Road, Singapore 169372 and 71 Kampong Bahru Road, Singapore 169373 for $12.4 million for investment.


*OKP acquired a pair of adjoining two-storey conservation shophouses at Kampong Bahru Road in Singapore.*

## 2020

- Acquired a three-storey with attic shophouse at 35 Kreta Ayer Road, Singapore 089000 for $11.3 million for investment.

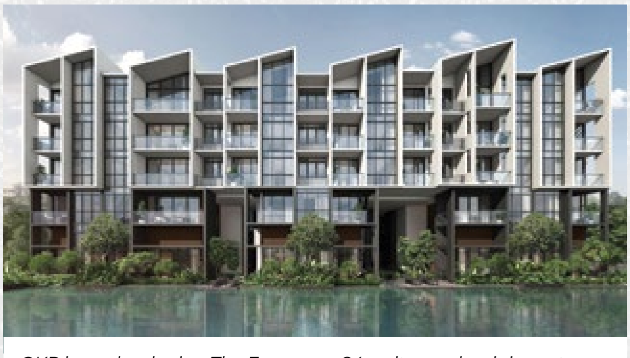
*OKP purchased a shophouse at 35 Kreta Ayer Road in Singapore.*

## 2019


- Purchased a property at 32 Tagore Lane, Singapore 787485 for $8.0 million for investment.
- Associated company Chong Kuo Development Pte Ltd won three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – for The Essence at Property Guru Asia Property Awards Singapore 2019.


*32 Tagore Lane, Singapore.*

## 2018



*OKP is co-developing The Essence, a 84-units condominium at Chong Kuo Road in Singapore.*

- Acquired first overseas property, a freehold modern office complex at 6-8 Bennett Street, Perth in Australia jointly with HSB Holdings Pte. Ltd. for A$43.5 million.
- Clinched tender to acquire a land parcel at Chong Kuo Road in Singapore for $43.9 million with Lian Soon Holdings with plans to develop to a condominium.
- Clinched tender to acquire a land parcel at 71-85 Phoenix Avenue, in Singapore with plans to redevelop the property.

## 2017

*OKP co-developed Amber Skye, a private condominium at Amber Road, which has been completed.*

- Purchased a property at 7 Woodlands Industrial Park E2 Singapore 757450 for $2.2 million for investment.
- Amber Skye, a private condominium at Amber Road, obtained the Temporary Occupation Permit on 27 April 2017.

## 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 (OKPC) received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.
- OKPC celebrated its 50th anniversary since it was founded as a sole-proprietorship in 1966.
- Wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd (EL) 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.*

*OUR BUSINESS*

# OUR MILESTONES

## 2015


*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).*

- 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) (SIAS) 16th Investors' Choice Awards 2015. This was the fourth consecutive year for OKP to clinch such 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.
- EL was the winner for 2015 Public Utilities Board 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 SIAS 15th Investors' Choice Awards 2014.
- OKPC 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.*

## 2013


*Our Group Managing Director Mr Or Toh Wat (left) with Mr K Shanmugan, Minister of Foreign Affairs and Minister of Law (right) at the Singapore Corporate Awards 2013 where OKP won the Best Managed Award (Silver).*

- Wholly-owned subsidiary corporation OKP Land Pte. Ltd. (OKPL) 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).
- Won the Most Transparent Company Award under Mainboard Small Caps Category at SIAS 14th Investors’ Choice Awards 2013.
- OKPC received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence

## 2012

- OKPL took a 10 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 with 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).
- Won the Most Transparent Company Award under Mainboard Small Caps category at SIAS 13th Investors’ Choice Awards 2012.
- EL was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence


*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 BUSINESS*

## OUR MILESTONES

# 2011


*With our Group Managing Director Mr Or Toh Wat (second from right), at the "Best Under A Billion" award ceremony in Hong Kong were 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).*

- Incorporated OKPL with an issued and paid-up share capital of $500,000, comprising 500,000 ordinary shares for investment holding and property development in 2011.
- OKPC was assessed by the BCA and found eligible to participate in the Construction Engineering Capability Development Programme, which aims to nurture BCA registered general builders to undertake complex projects to build up their construction engineering capability by offering financial incentives in 2011

- OKPC signed a 50-50 joint venture agreement with Soil-Build (Pte) Ltd. to form Forte Builder Pte. Ltd. which secured a $83.5 million contract from Angullia Development Pte. Ltd. to construct Angullia Park condominium in Orchard Road in 2010.
- Issued 15 million new ordinary shares at $0.45 for each share to China Sonangol International (S) Pte. Ltd., a subsidiary corporation of China Sonangol International Limited in 2009.

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

- Undertook 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 in 2009. Each warrant was issued at a 1.0 cent, with an exercise price of 20.0 cents and an exercise period of three years.
- Listed on the Sesdaq on 26 July 2002 and subsequently upgraded listing from Catalist (formerly Sesdaq) to SGX Mainboard on 25 July 2008.
- Issued 13.6 million new ordinary shares for cash at $0.16821 each pursuant to a placement exercise in 2007.
- EL 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 in 2009.
- OKPC was upgraded to an A1 grade civil engineering contractor under the Contractors Registry of the BCA in 2008, allowing it to tender for public sector construction projects of unlimited value.

## 2002

Our Executive Director Mr Or Lay Huat Daniel (right) and Mr Lim Chee Onn at the Singapore Corporate Awards 2008 where OKP bagged the Best Investor Relations Award (Gold) and the Best Annual Report Award (Silver).

- Acquired two properties
  - A property at 2A Sungei Kadut Drive Singapore 729554 for $3.55 million to provide for future expansion plans in 2010;
  - A property at 30 Tagore Lane, Singapore 787484 for $2.05 million to provide for future expansion plans in 2009.
- Successfully won and completed several major projects including:
  - Two projects totalling $8.6 million from the Land Transport Authority (LTA) to widen and re-surface roads with special-mix asphalt for the prestigious Formula One night race which took place in September 2008;
  - Three projects on Jurong Island worth a total of $11.1 million in 2007, after incorporating a 55 per cent owned joint venture company, OKP (Oil & Gas) Infrastructure Pte Ltd, to carry out civil engineering projects in relation to oil, petrochemical and gasrelated businesses in Singapore;
  - A $44.0 million civil engineering project relating to ExxonMobil's multi-billion dollar Second Petrochemical Complex for Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd in 2007.
- Several firsts including:
  - Secured our largest public sector project to date, which was a $119.3 million contract from the LTA to widen the stretch of CTE from PIE to Braddell Interchange in 2009;
  - Won our maiden contract from the Urban Redevelopment Authority, which was a $3.4 million contract for environmental improvement works in 2009;
  - Secured our first and largest project in the oil and gas industry worth approximately $50.0 million relating to the $750.0 million Universal Terminal, a massive petroleum storage facility in 2006, which was completed in 2008;
  - 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 in 2006;
  - 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 in 2006;
  - First project with the National Parks Board in 2006;
  - First construction-related high-rise project worth $10.5 million with a private property developer in 2003, which was completed a year later in 2004;
  - First airport-related project worth $39.5 million and first design and build project with $21.6 million both in 2002.
- Ventured overseas as follows:
  - Wholly-owned subsidiary corporation OKP Technical Management Pte. Ltd. entered into a 50-50 joint venture agreement with CIF Singapore Pte. Ltd. to grow the business overseas in 2009;
  - Incorporated a wholly-owned subsidiary corporation, OKP Investments (China) Pte Ltd, to handle construction-related business in China in 2003;
  - 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 in 2003;
  - Incorporated a 96 per cent-owned subsidiary corporation, OKP (CNMI) Corporation in Saipan, Commonwealth of Northern Mariana Islands (CNMI) to handle infrastructure, construction and building-related businesses in CNMI in 2005;
  - Incorporated a 55 per cent-owned subsidiary corporation, United Pavement Specialists Pte Ltd, to handle asphalt-related business in the CNMI and Micronesia in 2006.

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

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

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

*OUR BUSINESS*

# OUR AWARDS AND ACCOLADES

## COMPANY RANKING

### 2011-2012

Received Certificate of Achievement from DP Information Group on entering the "Singapore 1000 Company" list under the "Public Listed Companies – 2011 and 2012" category.

### 2007-2010

Made it to the Forbes Asia's "Best Under A Billion" list, the magazine's annual ranking of the best 200 companies in the Asia Pacific region in 2010. Companies 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.

OKP Holdings Limited and wholly-owned subsidiary corporation Or Kim Peow Contractors (Pte) Ltd (OKPC) were awarded the Certificate of Achievement by DP Information Group for making the 22nd "Singapore 1000 & SME 500" rankings in 2009.

Received Certificate of Achievement from DP Information Group for making the "Singapore 1000 Company" list under the "Public Listed Companies – 2007, 2008 and 2010" 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) (SIAS) 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, namely the 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 the (SIAS) 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, namely the 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 the SIAS 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, namely the 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 the SIAS 13th Investors' Choice Awards 2012.

### 2004-2010

Won the following awards:

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

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

Silver for Best Investor Relations Award – Small Market Capitalisation category at the Singapore Corporate Awards 2008;

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

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 in 2004.

## SAFETY/ENVIRONMENT

### 2022

OKPC was granted a Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Gold Award and wholly-owned subsidiary corporation Eng Lam Contractors Co (Pte) Ltd (EL) was granted a RoSPA Health & Safety Silver Award by the British accident prevention organisation.


OKPC achieved the Champion Award in the Eco-Office certification for two years for doing its part in environmental sustainability from the Singapore Environmental Council.


Eco Office
Champion
Presented to
Or Kim Peow Contractors Pte Ltd
30 Tagore Lane Singapore 787484
for demonstrating excellence in accordance to SEC's Eco Office assessment framework
Validity period: 28 September 2022 – 27 September 2024
JEN TEO
Executive Director
Singapore Environment Council

OKPC and EL had been conferred the Building and Construction Authority (BCA) Green and Gracious Builder (Excellent) Award.


BCA GREEN AND GRACIOUS BUILDER AWARD
Presented to
OR KIM PEOW CONTRACTORS (PRIVATE) LIMITED
In the category
EXCELLENT


BCA GREEN AND GRACIOUS BUILDER AWARD
Presented to
ENG LAM CONTRACTORS CO (PTE) LTD
In the category
EXCELLENT

OKPC and EL had been certified as a bizSAFE Level Star till 25 August 2025 by the Workplace Safety and Health (WSH) Council.

EL received a Certificate of Commendation by the WSH Council for improvements to roadside drain Contract E5.


CERTIFICATE
The Workplace Safety and Health Council is pleased to certify that
OR KIM PEOW CONTRACTORS (PRIVATE) LIMITED
has fulfilled the requirements to attain bizSAFE Level Star
This certificate is valid till 25/8/2025
Christopher Koh


CERTIFICATE
The Workplace Safety and Health Council is pleased to certify that
ENG LAM CONTRACTORS CO (PTE) LTD
has fulfilled the requirements to attain bizSAFE Level Star
This certificate is valid till 25/8/2025
Christopher Koh


Certificate of Commendation
This Certificate commends
Eng Lam Contractors Co (Pte) Ltd
Improvement to Roadside Drain – Contract E5
for your commitment to Workplace Safety and Health

OKPC and EL received the British Safety Council's International Safety Awards 2022 (Distinction) for the Walk2Ride Programme (Mackenzie Road) project (ER443) and commuter and road infrastructure works in Pasir Ris and Loyang project (DE143) respectively.


International Safety Award
Distinction
– 2022 –
This is to certify that
Or Kim Peow Contractors (Pte) Ltd: ER443 – Mackenzie Road


International Safety Award
Distinction
– 2022 –
This is to certify that
ENG LAM CONTRACTORS CO (PTE) LTD
DE143 – Commuter and Road Infrastructure Works in Pasir Ris and Loyang

## 2021

EL received a Special Mention award at the Construction Safety Award 2021 from Jurong Town Corporation for the construction of new infrastructure at Tukang Estate project.

EL received a Project Safety Recognition Award 2021 in recognition for exemplary safety performance from the Public Utilities Board (PUB) for two contracts - the drainage improvement to Sungei Tampines project; and improvement to roadside drains and watermain replacement works under the Estate Upgrading Programme Batch 9 – Contract 1 project.

## 2020

EL received a Project Safety Recognition Award 2020 Category 2 (Safety Enhancement Scheme) from the PUB for its safety record for proposed sewers in Lim Chu Kang Area (Contract 2) project.

EL received a Safety Recognition Award from the PUB for its safety record for the Deep Tunnel Sewerage System Phase 2 project.

## 2019

OKPC and EL had been conferred the BCA Green and Gracious Builder (Excellent) Award.

OKPC had been certified as a bizSAFE Partner by the (WSH) Council.

EL had been certified as a bizSAFE Star by the WSH Council.

## 2016-2017

OKPC received a Safety Recognition Award twice – in 2017 and 2016 from Changi Airport Group. These awards were for its commitment in achieving Zero Safety Infringement for works at Seletar Airport.

OKPC 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. It also received a Certificate of Participation for the "Major Category (Civil contracts between $20 million and $50 million)" for the same project – Contract ER458.

OKPC and EL had been conferred the BCA Green and Gracious Builder (Excellent) Award in 2016.

*OUR BUSINESS*

# OUR AWARDS AND ACCOLADES

### 2015

OKPC 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 manhours for Contract ER391. It also received a Certificate of Participation for the "Major Category (Civil contracts between $20 million and $50 million)" for the same project – Contract ER391.

OKPC and EL had been conferred the BCA Green and Gracious Builder (Merit) Award.

EL was the winner of 2015 PUB Safety Achievement Award (Construction).

### 2014

OKPC 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. It also received a Certificate of Participation for the "Major Category (Civil contracts between $20 million and $50 million)" for the same project – Contract ER368.

OKPC 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 ER391 project.

### 2013

OKPC received two Certificates of Recognition from the LTA at its Annual Safety Award 2013. Both awards are in the "Category 2 (Civil contracts not exceeding $120 million with more than 250,000 accident-free man-hours)" — one for Contract ER368 project and the other for Contract ER391 project.

OKPC 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 project.

### 2012

OKPC 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. It also received a Certificate of Recognition in the "Category 2 (Civil contracts not exceeding $120 million with more than 250,000 accident-free manhours)" for the same project – Contract ER368.

OKPC had been conferred the BCA Green and Gracious Builder (Excellent) Award.

EL had been conferred the BCA Green and Gracious Builder (Merit) Award.

### 2011

OKPC 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 project.

### 2010

OKPC 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 project.

### 2009

OKPC 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 project.

### 2006

EL 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).

OKPC received a Certificate of Merit from the LTA at its Annual Safety Award 2006 for the "Major Category" for Contract PE100 project.

## DEFENCE

### 2016

OKPC received the NS Advocate Award (SMEs) at Total Defence Awards 2016 in recognition of its support and contribution to Total Defence.

### 2012-2013

OKPC received the Meritorious Defence Partner Award at the Total Defence Awards 2013 in recognition of its support and contribution to Total Defence.

EL was presented the Meritorious Defence Partner Award at the Total Defence Awards 2012 in recognition of its support and contribution to Total Defence.

### 2008-2009

OKPC received the Meritorious Defence Partner Award at the Total Defence Awards 2009 in recognition of its support and contribution to Total Defence.

EL received the Meritorious Defence Partner Award at the Total Defence Awards 2008 in recognition of its support and contribution to Total Defence.

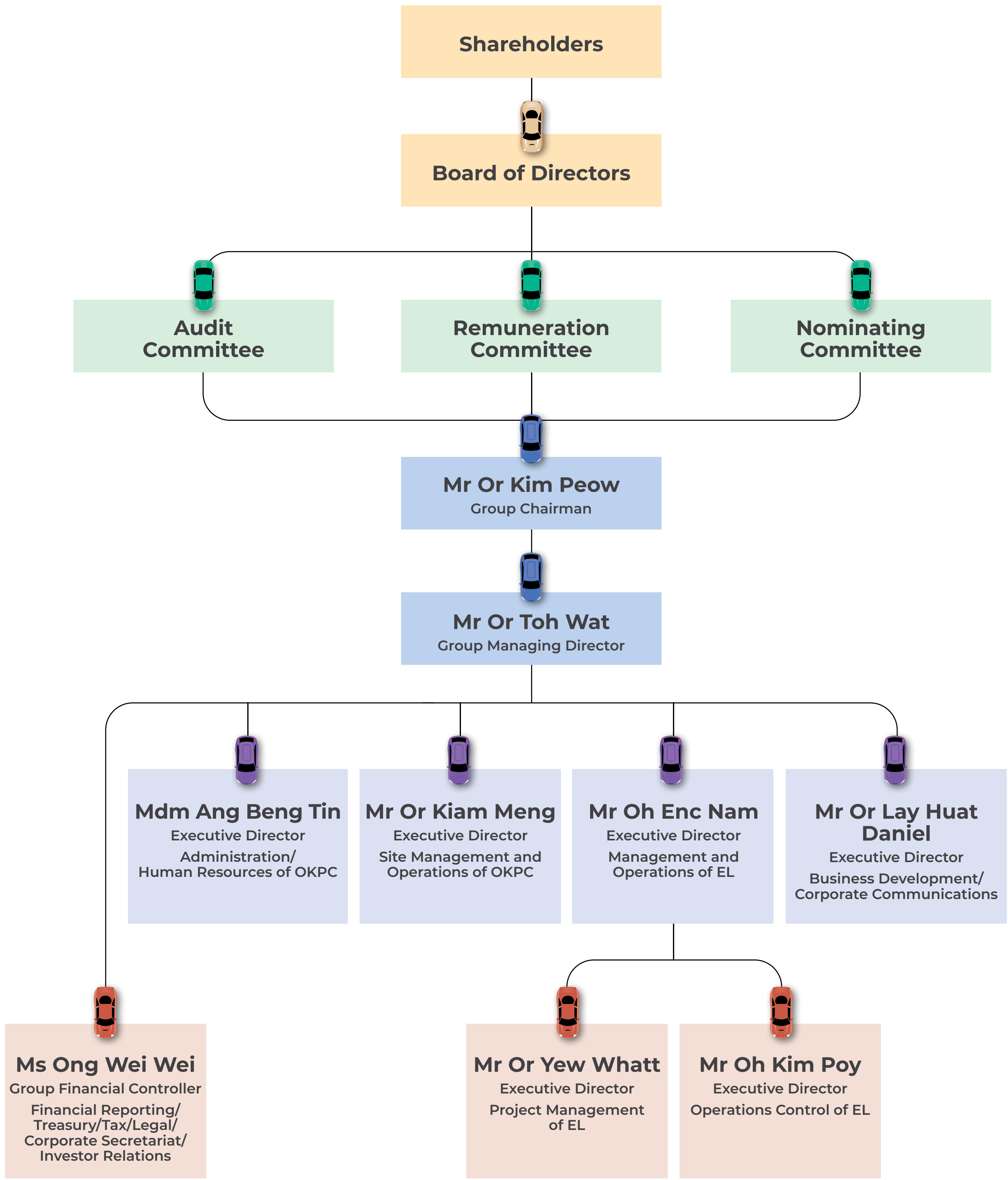
## PROPERTY

### 2019

Associated company Chong Kuo Development Pte Ltd won three awards, namely the Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended), Best Boutique Condo Architectural Design (Highly Commended), for The Essence at Property Guru Asia Property Awards Singapore 2019.

*OUR BUSINESS*

# OUR ORGANISATION CHART




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

*OUR BUSINESS*

# OUR BOARD OF DIRECTORS



## MR OR KIM PEOW

**Group Chairman**

**Date of first appointment as a director:**
15 February 2002
**Date of last re-appointment as director:**
27 April 2020

Mr Or Kim Peow is the founder of the Group. With more than 63 years of experience in the infrastructure and civil engineering business, he is responsible for overseeing the overall management and strategic development of the Group.

He founded the Group 56 years ago and was instrumental in growing and steering it through major changes in its history. Mr Or continues to be active, playing an advisory role in the Group's strategic development and planning.

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

## MR OR TOH WAT

**Group Managing Director**

**Date of first appointment as a director:**
15 February 2002
**Date of last re-appointment as director:**
26 April 2021

Mr Or Toh Wat has more than 31 years of experience in the construction industry. He is responsible for setting the Group's corporate directions and strategies, and overseeing the day-to-day management and business development of the Group.

Mr Or holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Bachelor of Applied Science (Construction Management) with Honours degree 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 in other listed companies:** Nil

## MDM ANG BENG TIN

**Executive Director**

**Date of first appointment as a director:**
20 March 2002
**Date of last re-appointment as director:**
26 April 2021

Joining the Group in 1979, Mdm Ang Beng Tin has more than 48 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 in other listed companies:** Nil

## MR OR KIAM MENG

**Executive Director**

**Date of first appointment as a director:**
20 March 2002
**Date of last re-appointment as director:**
27 April 2020

Joining the Group in 1985, Mr Or Kiam Meng has more than 37 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.

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 in other listed companies:** Nil

## MR OH ENC NAM

**Executive Director**

**Date of first appointment as a director:**
20 March 2002
**Date of last re-appointment as director:**
25 April 2022

Joining the Group in 1978, Mr Oh Enc Nam has more than 44 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 in other listed companies:** Nil

## MR OR LAY HUAT DANIEL

**Executive Director**

**Date of first appointment as a director:**
1 August 2006
**Date of last re-appointment as director:**
25 April 2022

Joining the Group in 2006, Mr Or Lay Huat Daniel is currently responsible for business development and corporate communications of the Group. He is a member of the Singapore Institute of Directors.

Mr Or holds a Bachelor of Commerce degree 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 in other listed companies:** Nil

*OUR BUSINESS*

# 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:**
27 April 2020

Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon 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:** **PSC Corporation Ltd (fka Hanwell Holdings Ltd); Hiap Seng Engineering Ltd; Matex International Limited; Pavillon Holdings Limited; Tat Seng Packaging Group Ltd and Sinostar Pec Holdings Ltd**
**Past directorships held over the preceding three years in other listed companies:** **Fu Yu Corporation Ltd and Hong Lai Huat Group Limited**

## 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:**
26 April 2021

Mr Nirumalan s/o V Kanapathi Pillai (Niru Pillai) is the Managing Director of Niru & Co LLC, a boutique-sized law firm established since 1978. Its strength lies in specialist litigation and dispute resolution work traversing insurance and reinsurance, shipping and aviation, international trade, energy, media, civil, family, commercial, corporate and arbitration. The firm has represented leading financial institutions and major international companies including Fortune 500 companies. It has a veritable practice in Kuala Lumpur, Suflan T H Liew & Partners. In the late 1990s, Niru & Co was in full association with CMS Cameron McKenna, a top-tier law firm with headquarters in London. Mr Niru has been in legal practice for more than 43 years. He qualified as a Barrister-at-law (England & Wales) and was admitted to the Honorable 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 2006, 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 in other listed companies:** **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:**
25 April 2022

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 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) degree 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 in other listed companies:** **Nil**

*OUR BUSINESS*

# 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, 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 resolution of site issues and is involved in the project tender process. He has more than 32 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 one of the Executive Directors of the Company.

## 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 48 years of experience in the construction industry.

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

*OUR BUSINESS*

# OUR GROUP STRUCTURE

**OKP HOLDINGS LIMITED**
胡 金 標 控 股 有 限 公 司
UEN: 200201165G

- **Or Kim Peow Contractors (Pte) Ltd** — UEN: 197701891R — **100%**
  - **Chye Joo – Or Kim Peow JV** — UEN: 53295493M — **50%***
  - **EL–OKP JV** — UEN: 53438642C — **100%**
- **Eng Lam Contractors Co (Pte) Ltd** — UEN: 199206337G — **100%**
  - **EL–OKP JV** — UEN: 53438642C — **100%**
  - **Eng Lam – United E & P JV** — UEN: 53396350L — **55%**
- **OKP Technical Management Pte. Ltd.** — UEN: 200202135E — **100%**
- **OKP Investments (Singapore) Pte. Ltd.** — UEN: 200307117G — **100%**
  - **USB Holdings Pte. Ltd.** — UEN: 201810759N — **25%**
    - **United Singapore Builders Pte. Ltd.** — UEN: 201322256C — **100%**
    - **USB (Phoenix) Pte. Ltd.** — UEN: 201828933C — **100%**
- **OKP (Oil & Gas) Infrastructure Pte. Ltd.** — UEN: 200703711W — **100%**
- **OKP Land Pte. Ltd.** — UEN: 201129780N — **100%**
  - **Lakehomes Pte. Ltd.** — UEN: 201322086K — **10%**
  - **Raffles Prestige Capital Pte. Ltd.** — UEN: 201803606N — **51%**
    - **Bennett WA Investment Pty Ltd** — ACN: 624 110 201 — **100%**
  - **Chong Kuo Development Pte. Ltd.** — UEN: 201806112Z — **22.5%**
- **OKP Transport & Trading Pte. Ltd.** — UEN: 201212052G — **100%**
- **United Pavement Specialists Pte. Ltd.** — UEN: 200606820Z — **100%**

Subsidiary Corporations
Incorporated Joint Ventures
Associated Companies
Unincorporated Joint Ventures

* *Dissolved on 3 February 2023*

*OUR BUSINESS*

# 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.
1 Harbourfront Avenue
#14-03/07 Keppel Bay Tower
Singapore 098632
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

### CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation)
80 Robinson Road
#25-00 Singapore 068898
T : (65) 6534 5700
F : (65) 6534 5766

Director-in-charge
Mr Teh Yeu Horng

Financial year appointed
31 December 2022

## INTERNAL AUDITOR

### HLS Risk Advisory Services Pte Ltd
331 North Bridge Road
#12-03 Odeon Towers
Singapore 188720
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 6890
F : (65) 6532 2359

### Malayan Banking Berhad
2 Battery Road
#21-00 Maybank Tower
Singapore 049907
T : (65) 6714 6074
F : (65) 6438 5686

### DBS Bank Ltd
12 Marina Boulevard, #43-03
Marina Bay Financial Centre Tower 3
Singapore 018982
T : (65) 6878 8704
F : (65) 6534 4080

### United Overseas Bank Limited
251A/253A Upper Thomson Road
Singapore 574376
T : (65) 6697 6014
F : (65) 6456 3446

## 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

## DATA PROTECTION
For enquiries, please contact the Data Protection Officer at:
T : (65) 6456 7667
F : (65) 6459 4316
E : okp-dpo@okph.com

## STOCK DATA
Stock Code
Bloomberg: OKP SP EQUITY
Reuters: OKPH.SI
SGX: 5CF
ISIN Code: SG1M55904841
SGX Sector Classification:
Construction

# KEEPING STRONG AND STEADY

FORTIFYING OUR BUSINESS TOGETHER

To overcome recent challenges in the ever-changing business arena, our team works steadily together so as to fortify our business and operations. We keep our team strong and efficient by providing training, looking after their welfare and motivating them to excel in their jobs.

*OUR OPERATING AND FINANCIAL REVIEW*

# FIVE-YEAR FINANCIAL HIGHLIGHTS

| | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 | 2018 $'000 |
|---|---|---|---|---|---|
| **FOR THE YEAR** | | | | | |
| Revenue - Construction | 81,920 | 56,560 | 46,065 | 49,966 | 46,051 |
| Revenue - Maintenance | 29,456 | 26,405 | 17,244 | 25,683 | 40,363 |
| Revenue - Rental income | 6,270 | 7,070 | 6,318 | 5,747 | 4,035 |
| Total revenue | 117,646 | 90,035 | 69,627 | 81,396 | 90,449 |
| | | | | | |
| Revenue - Construction (% of total revenue) | 69.7% | 62.8% | 66.2% | 61.4% | 50.9% |
| Revenue - Maintenance (% of total revenue) | 25.0% | 29.3% | 24.7% | 31.5% | 44.6% |
| Revenue - Rental income (% of total revenue) | 5.3% | 7.9% | 9.1% | 7.1% | 4.5% |
| | | | | | |
| Gross profit | 10,818 | 6,793 | 7,376 | 10,846 | 17,391 |
| Gross profit (%) | 9.2% | 7.5% | 10.6% | 13.3% | 19.2% |
| Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) | 6,756 | 9,890 | 9,805 | 5,815 | 11,149 |
| EBITDA margin (%) | 5.7% | 11.0% | 14.1% | 7.1% | 12.3% |
| Finance expense | 1,569 | 1,138 | 1,163 | 1,288 | 1,133 |
| Depreciation of property, plant and equipment | 4,629 | 4,278 | 4,179 | 3,456 | 3,428 |
| Amortisation of intangible assets | 18 | 26 | 30 | 31 | 17 |
| Profit before income tax | 540 | 4,448 | 4,433 | 1,040 | 6,571 |
| Profit before income tax (%) | 0.5% | 4.9% | 6.4% | 1.3% | 7.3% |
| Net profit | 164 | 4,235 | 3,955 | 681 | 5,646 |
| Net profit (%) | 0.1% | 4.7% | 5.7% | 0.8% | 6.2% |
| Profit after income tax and non-controlling interests (PATMI) | (1,019) | 1,515 | 3,293 | (378) | 6,488 |
| PATMI Margin (%) | (0.9%) | 1.7% | 4.7% | (0.5%) | 7.2% |

*One of OKP's completed construction projects was the improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway).*

| | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 | 2018 $'000 |
|---|---|---|---|---|---|
| **AT YEAR END** | | | | | |
| Current assets | 69,476 | 76,325 | 103,065 | 97,213 | 96,448 |
| Total assets | 204,901 | 203,134 | 197,079 | 180,188 | 186,638 |
| Current liabilities | 44,174 | 37,321 | 38,549 | 22,362 | 27,577 |
| Total liabilities | 81,187 | 77,862 | 59,026 | 59,026 | 63,041 |
| Total debt (ie bank borrowings & finance lease) | 36,711 | 40,424 | 31,601 | 29,917 | 28,102 |
| Shareholders' equity | 118,759 | 121,708 | 122,144 | 120,983 | 124,462 |
| Total equity | 123,714 | 125,272 | 123,183 | 121,162 | 123,597 |
| Operating cashflow | (6,556) | (5,992) | 18,694 | (219) | (2,504) |
| Cash and cash equivalents | 25,970 | 51,031 | 79,097 | 64,638 | 74,275 |
| Net tangible assets | 122,008 | 123,547 | 121,432 | 119,381 | 121,808 |
| Net order book | 454,062* | 329,258 | 254,027 | 283,102 | 265,828 |
| Number of shares (excluding treasury shares) | 306,961 | 306,961 | 306,961 | 308,431 | 308,431 |
| Adjusted weighted average number of ordinary shares | | | | | |
| - Basic | 306,961 | 306,961 | 307,468 | 308,431 | 308,431 |
| - Fully diluted | 306,961 | 306,961 | 307,468 | 308,431 | 308,431 |
| Share price at year end (cents) | 15.50 | 19.50 | 17.80 | 20.00 | 20.00 |
| Market capitalisation as at 31 December | 47,579 | 59,857 | 54,639 | 61,686 | 61,686 |
| Capital expenditure | 8,638 | 7,198 | 12,495 | 6,535 | 4,099 |

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **FINANCIAL RATIOS** | | | | | |
| **Profitability** | | | | | |
| Revenue growth (%) | 30.7% | 29.3% | (14.5%) | (10.0%) | (23.0%) |
| PATMI growth (%) | (167.3%) | (54.0%) | 971.2% | (105.8%) | (49.0%) |
| Return on assets (%) (PATMI/Total assets) | (0.5%) | 0.7% | 1.7% | (0.2%) | 3.5% |
| Return on equity (%) (PATMI/Ave shareholders equity) | (0.8%) | 1.2% | 2.7% | (0.3%) | 5.3% |
| **Liquidity** | | | | | |
| Current ratio (times) | 1.6 | 2.0 | 2.7 | 4.3 | 3.5 |
| Cash as per share (cents) | 8.5 | 16.6 | 25.8 | 21.0 | 24.1 |
| Net tangible assets per share (cents) | 39.7 | 40.2 | 39.6 | 38.7 | 39.5 |
| **Leverage** | | | | | |
| Total debt to equity ratio (times) (Total debt/Total equity) | 0.3 | 0.3 | 0.3 | 0.2 | 0.2 |
| Interest cover (times) (EBITDA/Finance expense) | 4.3 | 8.7 | 8.4 | 4.5 | 9.8 |
| **Investors' Ratios** | | | | | |
| Earnings per share (cents) | | | | | |
| - Basic | (0.33) | 0.49 | 1.1 | (0.1) | 2.1 |
| - Fully diluted | (0.33) | 0.49 | 1.1 | (0.1) | 2.1 |
| Gross dividend per share (cents) - ordinary | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Gross dividend per share (cents) - special | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 |
| Total gross dividend per share (cents) (DPS) | 0.7 | 0.7 | 0.7 | 0.7 | 1.0 |
| Gross dividend yield (%) based on year end share price | 4.5% | 3.6% | 3.9% | 3.5% | 5.0% |
| Gross dividend payout (%) (DPS/Basic EPS) | (212.1%) | 142.9% | 65.4% | (583.3%) | 47.6% |
| **Productivity** | | | | | |
| Number of employees | 861 | 812 | 788 | 814 | 695 |
| Revenue/employee ($'000) | 136.6 | 110.9 | 88.4 | 100.0 | 130.1 |

* *Net order book includes the maintenance project of $95,880,000 secured in February 2023.*

# OUR OPERATING AND FINANCIAL REVIEW

## BUSINESS REVIEW

## I. CONSTRUCTION

### Completed Construction Projects

During the year under review, the Group completed two public sector construction projects. One was secured in May 2018 but due to the Covid-19 restrictions, the project's completion date was extended to April 2022. The other project commenced in October 2018 and its completion date was extended to May 2022.

The construction segment continued to be the major contributor to OKP's total revenue, contributing 69.7 per cent or $81.9 million in FY2022.

### Ongoing Construction Projects

In 2022, we continued the execution of 10 ongoing construction projects, which had been secured since February 2015. We won one new construction project, the Commuter Infrastructure Enhancement contract, during the year under review.

**List of Completed Construction Projects**

| No | Description of completed construction projects | Date of Commencement | Date of Completion | Contract Value ($) |
|---|---|---|---|---|
| 1. | Improvement to Sungei Tampines (Tampines Avenue 7 to Tampines Expressway (1180229) | May 2018 | April 2022 (extended) | 46,344,323 (revised) |
| 2. | Widening of Tampines Road between Kallang Paya Lebar Expressway (KPE) and Tampines Avenue 10 (DE123) | October 2018 | May 2022 (extended) | 30,127,000 |

**List of Ongoing Construction Projects**

| No | Description of ongoing construction projects | Date of Commencement | Estimated Date of Completion | Contract Value ($) |
|---|---|---|---|---|
| 1. | Walk2Ride Programme (ER442) | February 2015 | July 2023 (extended) | 48,900,000 (revised) |
| 2. | Walk2Ride Programme (ER443) | February 2015 | January 2024 (extended) | 32,500,000 (revised) |
| 3. | Construction of covered linkways to Thomson East Coast Line (TEL) Stage 1, 2 and 3 Stations (T2188) | September 2018 | December 2025 (extended) | 36,870,180 |
| 4. | Construction of link sewers for the Deep Tunnel Sewerage System phase 2 project – schedule III contract 1 (Jalan Buroh/Tanjong Kling Road) (DTSS2/1180524) | January 2019 | August 2023 (extended) | 27,686,000 |
| 5. | Proposed construction of new infrastructure at Tukang Estate (C190079T00) | October 2019 | April 2023 (extended) | 18,327,000 |
| 6. | Commuter and road infrastructure works in Pasir Ris and Loyang(DE143) | December 2019 | December 2023 (extended) | 82,700,000 |
| 7. | Improvement to Sungei Selarang and Sungei Selarang subsidiary drain A (1210348) | September 2021 | June 2024 | 49,627,000 |
| 8. | Construction of link sewers for Deep Tunnel Sewerage System phase 2 project – schedule 1 – contract 2 (Commonwealth Avenue West/ Clementi Avenue 2/University Flyover) (balance works) (DTSS2/1210357) | September 2021 | June 2025 | 57,203,000 |
| 9. | Improvement to Benoi Road outlet drain (12104581) | December 2021 | December 2024 | 39,878,000 |
| 10. | Commuter Infrastructure Enhancement (DE177) | October 2022 | October 2026 | 100,297,000 |

*Improvement to Sungei Selarang and its subsidiary drain A is an OKP's ongoing construction project.*

*OKP has completed the maintenance of Pasir Ris Heights under the improvement to roadside drains V Contract E5.*

## II. MAINTENANCE

### Completed Maintenance Projects

Two maintenance projects were completed during the year under review.

**List of Completed Maintenance Projects**

| No | Description of completed maintenance projects | Date of Commencement | Date of Completion | Contract Value ($) |
|---|---|---|---|---|
| 1. | Improvement to roadside drains V contract E5 (Yishun Avenue 1/6, Jalan Kembangan, Pasir Ris Estate and Hai Sing Estate areas) (1180028) | January 2018 | May 2022 (extended) | 13,836,000 |
| 2. | Improvement to roadside drains and watermain replacement works under Estate Upgrading Programme batch 9 - contract 1 (Clover and Thomson Faber Island Gardens Estates) (1190009) | January 2019 | February 2022 (extended) | 13,923,000 |

In addition to providing a stable and recurrent income stream for the Group, our maintenance segment is a significant part of the services that we provide to our clients. This segment contributed $29.5 million, which constituted 25.0 per cent of OKP's total revenue, in FY2022.

# OUR OPERATING AND FINANCIAL REVIEW

*Site visit by customers at a road maintenance project for Expressway.*

*Road maintenance contract for North East Sector is an ongoing maintenance project.*

## Ongoing Maintenance Projects

We secured one new maintenance contract, a road maintenance contract for South East Sector, subsequent to FY2022.

We continued the execution of three ongoing maintenance projects, which had been secured since May 2020.

### List of Ongoing Maintenance Projects

| No | Description of ongoing maintenance projects | Date of Commencement | Estimated Date of Completion | Contract Value ($) |
|---|---|---|---|---|
| 1. | Term contract for road related facilities, road structures and road safety schemes for East Sector (TR332A) | May 2020 | September 2023 (extended) | 31,587,000 |
| 2. | Improvement of West Coast outlet drain No. 6 (after Pandan Loop to the sea) (1210147) | April 2021 | October 2023 | 8,167,764 (revised) |
| 3. | Road maintenance contract for South East Sector (TR387) | February 2023 | February 2026 | 95,880,000 |

In addition to the above projects, two ongoing road maintenance contracts, comprising one for Expressway (TR310A) and another for North East Sector (TR310B), are being carried out by a joint venture partnership, Eng Lam – United E&P JV.

| No | Description of ongoing maintenance projects awarded to a joint venture partnership | Date of Commencement | Estimated Date of Completion | Contract Value ($) |
|---|---|---|---|---|
| 1. | Road maintenance contract for Expressway (TR310A) | April 2019 | May 2023 (extended) | 48,204,398 (revised) |
| 2. | Road maintenance contract for North East Sector (TR310B) | April 2019 | July 2023 (extended) | 31,307,260 (revised) |

*Cycling path at Sengkang East Avenue is one of OKP's ongoing maintenance projects under the term contract for road related facilities, road structures and road safety schemes for East Sector.*

*OKP is involved in the Shenton Way Station under the construction of covered linkways to Thomson East Coast Line (TEL) Stage 1, 2 and 3 Stations.*

## III. RENTAL INCOME

Rental income contributed $6.3 million or 5.3 per cent of our Group's total revenue for FY2022, down from $7.1 million in the previous year.

The decrease in rental income derived from investment properties was mainly attributed to the loss from foreign exchange translation arising from the rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia. This was due to the revaluation of Australian dollar to Singapore dollar.

*Exterior view of 6-8 Bennett Street in East Perth, West Australia.*

*Interior view of 6-8 Bennett Street.*

# OUR OPERATING AND FINANCIAL REVIEW

## FINANCIAL REVIEW

### Income Statement

| | FY2022 $'000 | FY2021 $'000 | Change $'000 | Change |
|---|---|---|---|---|
| **Revenue** | | | | |
| - Construction | 81,920 | 56,560 | 25,360 | 44.8% |
| - Maintenance | 29,456 | 26,405 | 3,051 | 11.6% |
| - Rental income | 6,270 | 7,070 | (800) | (11.3%) |
| **Total revenue** | **117,646** | **90,035** | **27,611** | **30.7%** |
| Cost of sales | (106,828) | (83,241) | (23,587) | 28.3% |
| **Gross profit** | **10,818** | **6,794** | **4,024** | **59.2%** |
| Gross profit margin | 9.2% | 7.5% | | |
| Other gains, net | 2,969 | 7,739 | (4,770) | (61.6%) |
| Expenses | | | | |
| - Administrative | (12,394) | (9,298) | (3,096) | 33.3% |
| - Finance | (1,569) | (1,138) | (431) | 37.9% |
| Share of results of associated companies and joint ventures (net of tax) | 715 | 351 | 364 | 103.7% |
| **Profit before income tax** | **539** | **4,448** | **(3,909)** | **(87.9%)** |
| Income tax expense | (375) | (213) | (162) | (76.1%) |
| **Net profit** | **164** | **4,235** | **(4,071)** | **(96.1%)** |
| Net profit margin | 0.1% | 4.7% | | |
| Effective tax rate | 69.6% | 4.8% | | |
| **(Loss)/Profit attributable to:** | | | | |
| Equity holders of the Company | (1,019) | 1,515 | (2,534) | (167.3%) |
| Non-controlling interests | 1,183 | 2,720 | (1,537) | (56.5%) |
| | **164** | **4,235** | **(4,071)** | **(96.1%)** |

## Balance Sheet

| | FY2022 $'000 | FY2021 $'000 | Change $'000 | Change |
|---|---|---|---|---|
| **Current assets** | | | | |
| - Cash and cash equivalents | 25,970 | 51,031 | (25,061) | (49.1%) |
| - Trade and other receivables | 17,935 | 8,023 | 9,912 | 123.6% |
| - Contract assets | 23,979 | 15,584 | 8,395 | 53.9% |
| - Inventories | 1,592 | 1,687 | (95) | (5.6%) |
| | 69,476 | 76,325 | (6,849) | (9.0%) |
| **Non-current assets** | | | | |
| - Investments in joint ventures | 45 | 32 | 13 | 40.6% |
| - Investments in associated companies | 1,521 | 915 | 606 | 66.1% |
| - Investment properties | 78,505 | 78,487 | 18 | 0.0% |
| - Other receivables | 13,490 | 11,775 | 1,715 | 14.6% |
| - Property, plant and equipment | 37,489 | 33,581 | 3,908 | 11.6% |
| - Intangible assets | 1,706 | 1,725 | (19) | (1.1%) |
| - Other investments at amortised cost | 2,005 | - | 2,005 | n.m. |
| - Deferred income tax assets | 664 | 294 | 370 | 125.9% |
| | 135,425 | 126,809 | 8,616 | 6.8% |
| **Total assets** | **204,901** | **203,134** | **1,767** | **0.9%** |
| **Current liabilities** | | | | |
| - Trade and other payables | (28,077) | (20,729) | 7,348 | 35.4% |
| - Borrowings | (15,831) | (16,021) | (190) | (1.2%) |
| - Current income tax liabilities | (266) | (571) | (305) | (53.4%) |
| | (44,174) | (37,321) | 6,853 | 18.4% |
| **Non-current liabilities** | | | | |
| - Other payables | (15,068) | (15,275) | (207) | (1.4%) |
| - Borrowings | (20,880) | (24,403) | (3,523) | (14.4%) |
| - Deferred income tax liabilities | (1,065) | (863) | 202 | 23.4% |
| | (37,013) | (40,541) | (3,528) | (8.7%) |
| **Total liabilities** | **(81,187)** | **(77,862)** | **3,325** | **4.3%** |
| **Net assets** | **123,714** | **125,272** | **(1,558)** | **(1.2%)** |
| Total shareholders' equity | 118,759 | 121,709 | (2,950) | (2.4%) |
| Non-controlling interests | 4,955 | 3,563 | 1,392 | 39.1% |
| **Total equity** | **123,714** | **125,272** | **(1,558)** | **(1.2%)** |

*n.m. :not meaningful*

# OUR OPERATING AND FINANCIAL REVIEW

## INCOME STATEMENT

### Revenue

Our Group reported a 30.7% or $27.6 million increase in revenue to $117.6 million during the financial year ended 31 December 2022 (FY2022) as compared to $90.0 million during the financial year ended 31 December 2021 (FY2021). The increase was due mainly to a 44.8% increase in revenue from the construction segment to $81.9 million and a 11.6% increase in revenue from the maintenance segment to $29.5 million, partially offset by a 11.3% decrease in rental income.

The increase in revenue from both the construction and maintenance segments was due mainly to the temporary cessation of construction activities in compliance with the government's COVID-19 measures in FY2021 coupled with the higher percentage of revenue recognised from a number of existing and newly awarded construction and maintenance projects during FY2022.

The decrease in rental income generated from investment properties was mainly due to the loss from foreign exchange translation arising from the rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia due to the revaluation of Australian dollar to Singapore dollar.

### Cost of sales

| | The Group | | | |
|---|---|---|---|---|
| | Financial year ended 31 Dec | | Increase/ (Decrease) | |
| | 2022 | 2021 | | |
| | $'000 | $'000 | $'000 | % |
| Construction<br>Maintenance | 104,486 | 80,911 | 23,575 | 29.1 |
| Rental income | 2,342 | 2,330 | 12 | 0.5 |
| **Total cost of sales** | **106,828** | **83,241** | **23,587** | **28.3** |

Our cost of sales increased by 28.3% or $23.6 million from $83.2 million for FY2021 to $106.8 million for FY2022. The increase in cost of sales was due mainly to:

(a) an increase in subcontracting costs which were mainly costs incurred for premix works, signages, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks which are usually subcontracted to external parties;

(b) an increase in the cost of construction materials due to higher utilisation of materials and increase in prices of construction materials;

(c) an increase in labour costs which was due to the increase in headcount coupled with salary adjustments; and

(d) an increase in overheads such as upkeep of machineries, worksite expenses and hiring costs related to the rental of additional heavy equipment and machineries to support existing projects,

during FY2022.

### Gross profit and gross profit margin

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | Financial year ended 31 Dec | | | | Increase/(Decrease) | |
| | 2022 | | 2021 | | | |
| | $'000 | Gross Profit Margin | $'000 | Gross Profit Margin | $'000 | % |
| Construction<br>Maintenance | 6,890 | 6.2% | 2,054 | 2.5% | 4,836 | 235.4 |
| Rental income | 3,928 | 62.6% | 4,740 | 67.0% | (812) | (17.1) |
| **Total gross profit** | **10,818** | **9.2%** | **6,794** | **7.5%** | **4,024** | **59.2** |

Our gross profit for FY2022 increased by 59.2% or $4.0 million from $6.8 million for FY2021 to $10.8 million for FY2022.

The rental income segment demonstrated a decrease in contribution to gross profit of $0.8 million, from $4.7 million for FY2021 to $3.9 million for FY2022. However, there is an increase of $4.8 million in the gross profit of the construction and maintenance segments, from $2.1 million in FY2021 to $6.9 million in FY2022.

Our gross profit margin for the construction and maintenance segments increased from 2.5% for FY2021 to 6.2% for FY2022 The improvement in the gross profit margin was mainly attributed to the Group's ongoing initiatives to improve cost management, despite the higher material costs and rising manpower costs.

## Other gains, net

Other gains decreased by $4.7 million or 61.6% from $7.7 million for FY2021 to $3.0 million for FY2022. The decrease was due mainly to:

(a) a decrease in receipt of payouts and rebates from the government by $2.1 million which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by COVID-19;

(b) a decrease in fair value gain of $2.1 million arising from the revaluation of some of the investment properties; and

(c) an increase of $0.5 million in impairment loss on other receivables,

during FY2022.

## Administrative expenses

Administrative expenses increased by $3.1 million or 33.3% from $9.3 million for FY2021 to $12.4 million for FY2022. The increase was largely due to a one-off increase of $3.6 million in legal fees incurred for arbitration proceedings during FY2022, which was partially offset by a decrease of $0.5 million in salary costs in FY2022.

## Finance expenses

Finance expenses increased by $0.4 million or 37.9%, from $1.1 million for FY2021 to $1.5 million for FY2022. The increase was due mainly to higher borrowing costs arising from the increase in interest rate during FY2022.

### Share of results of associated companies and joint ventures

| | The Group | |
|---|---|---|
| | Financial year ended 31 Dec | |
| | 2022 | 2021 |
| | $'000 | $'000 |
| Share of profit/(loss) of joint ventures | 20 | (4) |
| Share of profit of associated companies | 695 | 355 |
| | **715** | **351** |

The share of results of associated companies and joint ventures increased by $0.3 million or 103.7% from $0.4 million for FY2021 to $0.7 million for FY2022. The increase was due mainly to the share of profit from the Group's joint venture, Eng Lam – United E&P JV, and 22.5%-held associated company, Chong Kuo Development Pte Ltd, during FY2022.

## Profit before income tax

Profit before income tax decreased by $3.9 million from $4.4 million for FY2021 to $0.5 million for FY2022. The decrease was due mainly to (1) the decrease in other gains of $4.7 million, (2) the increase of $3.1 million in administrative expenses, and (3) the increase in finance expenses of $0.4 million, which were partially offset by (1) the increase in gross profit of $4.0 million and (2) the increase in share of profit of $0.3 million, as explained above.

## Income tax expense

Income tax expense increased by $0.1 million or 76.1% from $0.2 million in FY2021 to $0.3 million in FY2022 due mainly to initial recognition of deferred tax assets arising from Australian subsidiary corporation in FY2021.

The effective tax rates for FY2022 and FY2021 were 69.6% and 4.8% respectively.

The effective tax rate for FY2022 was higher than the statutory tax rate of 17.0% due mainly to (1) the relatively higher corporate tax rate of our Australian subsidiary corporation, (2) certain non-deductible items added back for tax purposes and (3) recognition of deferred tax liabilities in one of the subsidiary corporations.

## Non-controlling interests

Non-controlling interests of $1.2 million was due to the share of profit of our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in FY2022.

## Net profit

Overall, net profit decreased by $4.0 million or 96.1%, from $4.2 million for FY2021 to $0.2 million for FY2022, following the decrease in profit before income tax and the increase in income tax expense, as explained above.

Our net profit margin decreased from 4.7% for FY2021 to 0.1% for FY2022.

# OUR OPERATING AND FINANCIAL REVIEW

## BALANCE SHEET

### (i) Current assets

Current assets decreased by $6.8 million, from $76.3 million as at 31 December 2021 to $69.5 million as at 31 December 2022. The decrease was due mainly to:

(a) a decrease in cash and cash equivalents of $25.0 million, due mainly to the cash used in operating activities of $6.6 million, cash used in investing activities of $9.7 million, cash used in financing activities of $8.6 million and currency translation loss of $0.1 million; and

(b) a decrease of $0.1 million in inventories, due to the utilisation of materials for existing construction and maintenance projects,

which were partially offset by:

(c) an increase in contract assets of $8.4 million, due mainly to an increase in construction contract due from customers arising from higher unbilled amounts expected to be collected from customers following the higher revenue recognised; and

(d) an increase in trade and other receivables of $9.9 million, due mainly to an increase in trade and non-trade receivables of $10.0 million from non-related parties and an increase of $0.6 million arising from deposits paid for the purchase of property, plant and equipment, offset by the settlement of billings of $0.4 million from a joint venture, receipt of government grant receivable of $0.1 million and recovery of advances to supplier of $0.2 million,

during FY2022.

*OKP is involved in the construction of link sewers from the Deep Tunnel Sewerage System phase 2 project – schedule III contract 1 (Jalan Buroh/Tanjong Kling Road).*

### (ii) Non-current assets

Non-current assets increased by $8.6 million, from $126.8 million as at 31 December 2021 to $135.4 million as at 31 December 2022. The increase was due mainly to:

(a) an increase in investments in associated companies of $0.6 million arising from the share of profit of an associated company of $0.7 million and a notional fair value adjustment arising from the extension of loan repayment period for loans extended to an associated company of $0.1 million;

(b) an increase in other receivables of $1.7 million, due to an advance extended to an associated company, USB Holdings Pte Ltd, of $2.1 million and a notional fair value adjustment of $0.1 million, which was partially offset by the impairment loss of $0.5 million;

(c) an increase in the other investments at amortised cost arising from the investment in structured deposit of $2.0 million;

(d) an increase in property, plant and equipment and right-of-use assets of $2.3 million and $1.6 million, respectively, resulting mainly from the purchase of new property, plant and equipment to support the new and existing projects, which was partially offset by disposal and depreciation; and

(e) an increase in deferred income tax assets of $0.4 million arising from the recognition of deferred income tax assets in one of the subsidiary corporations,

during FY2022.

### (iii) Current liabilities

Current liabilities increased by $6.9 million, from $37.3 million as at 31 December 2021 to $44.2 million as at 31 December 2022. The increase was due mainly to:

(a) an increase in trade and other payables of $7.3 million arising from (1) an increase in trade payables of $6.4 million, and (2) higher accrued operating expenses related to project costs of $0.9 million; and

(b) an increase in lease liabilities of $0.9 million arising from the purchase of plant and machineries and use of state land, offset by the repayment of lease liabilities,

*One of OKP's ongoing construction projects involves commuter and road infrastructure works in Pasir Ris and Loyang.*

which were partially offset by:

(c) a decrease in bank borrowings of $1.0 million due to repayment of existing borrowings; and

(d) a decrease in current income tax liabilities of $0.3 million due to lower tax provision,

during FY2022.

## (iv) Non-current liabilities

Non-current liabilities decreased by $3.5 million, from $40.5 million as at 31 December 2021 to $37.0 million as at 31 December 2022. The decrease was due mainly to:

(a) a decrease in other payables of $0.2 million arising from translation gain from amount due to a non-controlling shareholder, which is denominated in AUD; and

(b) repayment of bank borrowings of $3.9 million,

which were partially offset by:

(c) an increase in lease liabilities of $0.4 million arising from the purchase of plant and machineries to support the existing projects offset by the repayment of lease liabilities; and

(d) an increase in deferred income tax liabilities of $0.2 million,

during FY2022.

## (v) Shareholders' equity

Shareholders' equity, comprising share capital, treasury shares, other reserves, retained profits and non-controlling interests, decreased by $1.6 million, from $125.3 million as at 31 December 2021 to $123.7 million as at 31 December 2022. The increase was due mainly to:

(a) non-controlling interests of $1.4 million arising from the share of profit of Raffles Prestige Capital Pte Ltd; and

(b) other comprehensive income arising from currency translation reserve of $0.3 million,

which was partially offset by:

(c) the losses from operations of $1.0 million attributable to equity holders of the Company and non-controlling interests of $0.2 million arising from share of other comprehensive loss of Raffles Prestige Capital Pte Ltd; and

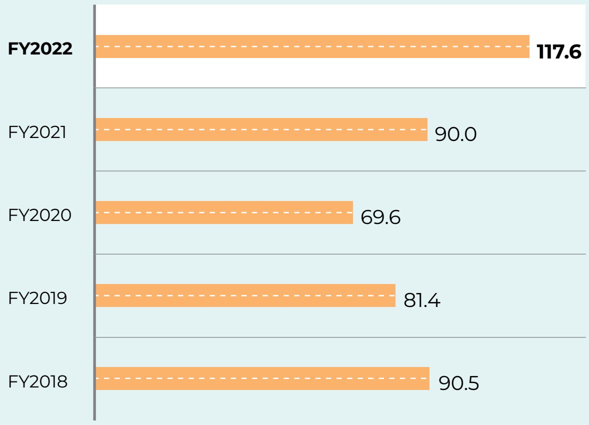
(d) the dividend payment to shareholders of $2.1 million,

during FY2022.

# OUR OPERATING AND FINANCIAL REVIEW

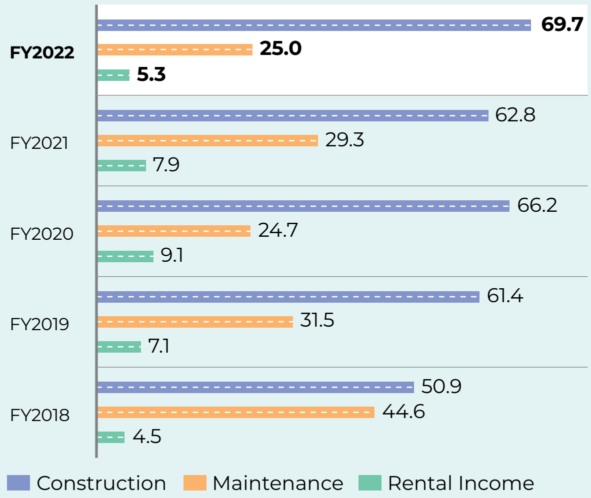
## REVENUE

**REVENUE**
($'Million)




Revenue in FY2022 increased by 30.7 per cent to $117.6 million, compared to $90.0 million in FY2021 mainly due to higher contributions from the construction and maintenance segments, partially offset by the decline in rental income.

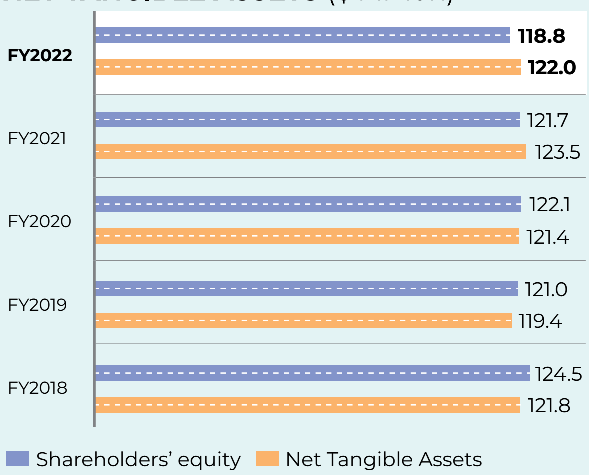
**REVENUE BY BUSINESS SEGMENT**
(Per Cent)




On a segmental basis, our construction segment accounted for 69.7 per cent of total revenue, the maintenance segment for 25.0 per cent, and rental income for the remaining 5.3 per cent.

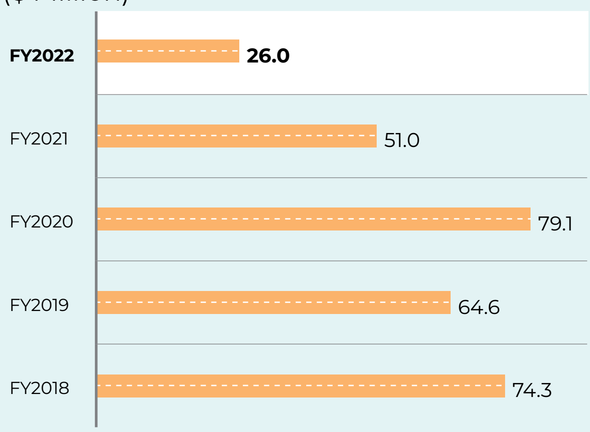
## BALANCE SHEET

**SHAREHOLDERS' EQUITY AND NET TANGIBLE ASSETS** ($'Million)




Shareholders' equity decreased to $118.8 million in FY2022 from $121.7 million in FY2021 and net tangible assets decreased to $122.0 million in FY2022 from $123.5 million in FY2021.

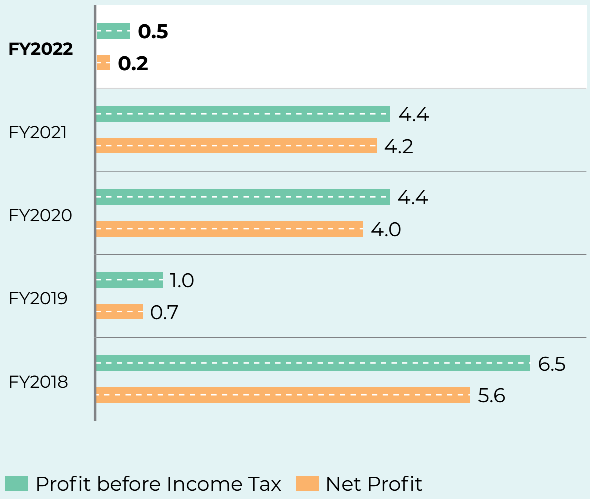
**CASH AND CASH EQUIVALENTS**
($'Million)




We continue to have a stable and healthy cash flow for FY2022 although our cash and cash equivalents dipped to $26.0 million as at 31 December FY2022 from $51.0 million as at 31 December 2021.

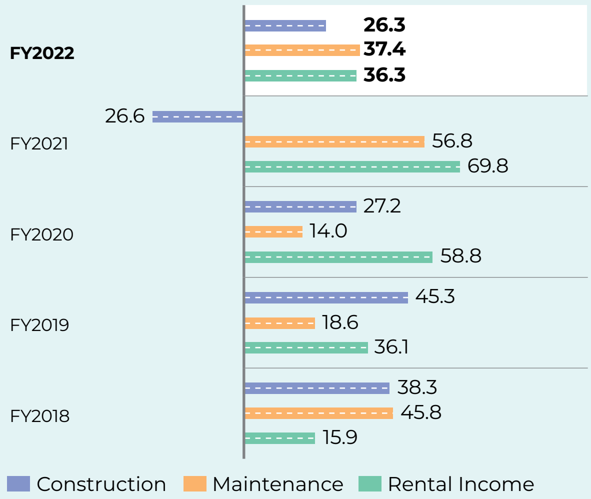
## PROFITABILITY

### PROFIT BEFORE INCOME TAX AND NET PROFIT ($'Million)



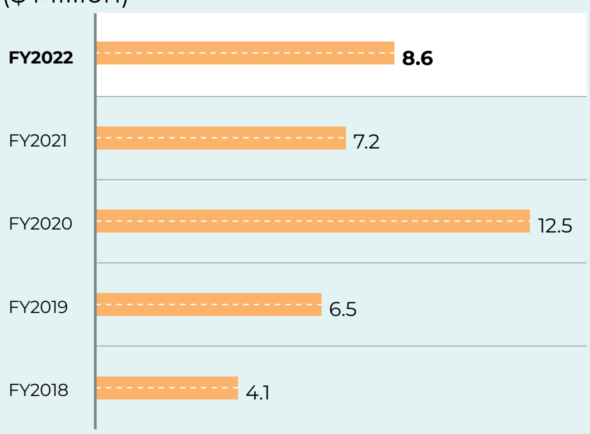

Profit before income tax decreased from $4.4 million in FY2021 to $0.5 million in FY2022, due mainly to the decrease in other gains of $4.7 million, increase of $3.1 million in administrative expenses, and increase in finance expenses of $0.4 million, which were partially offset by the increase in gross profit of $4.0 million and increase in share of profit of $0.3 million. Following the income tax expense of $0.1 million, the net profit dropped to $0.2 million in FY2022 from $4.2 million in FY2021.

### PROFIT BY BUSINESS SEGMENT (Per Cent)



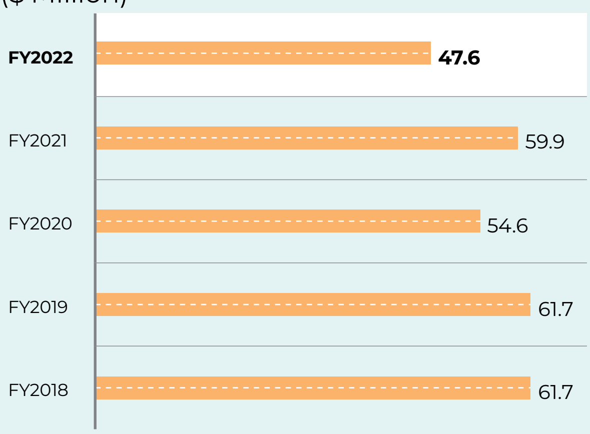

There was a significant improvement in the profit contributed by the construction segment, whereas maintenance segment and rental income segment both demonstrated a decrease in contribution to profit in FY2022.

### CAPITAL EXPENDITURE ($'Million)




Capital expenditure for FY2022 was mainly for the purchase of new plant and equipment to support existing and newly awarded projects.

### MARKET CAPITALISATION ($'Million)

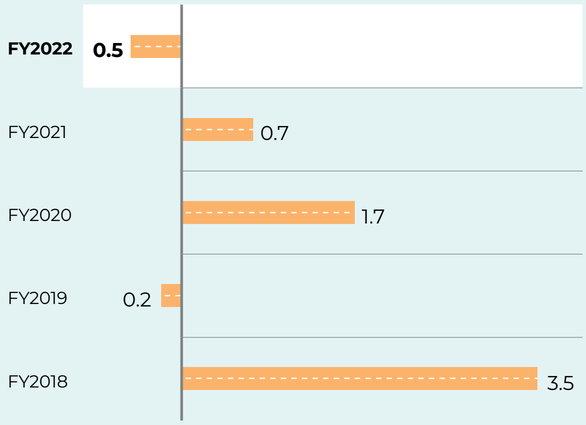



The Group's market capitalisation stood at $47.6 million as at 31 December 2022, down from $59.9 million as at 31 December 2021.

# OUR OPERATING AND FINANCIAL REVIEW

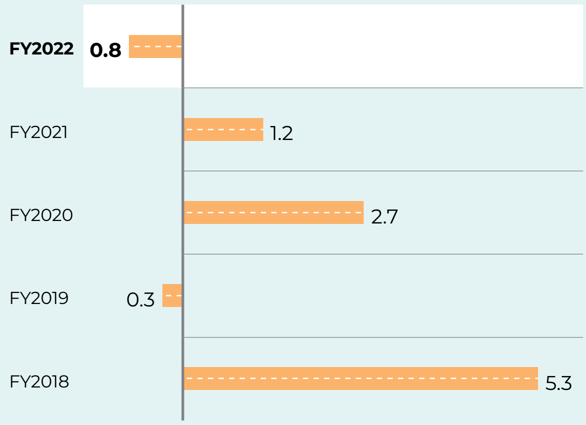
## FINANCIAL RATIOS – PROFITABILITY

**RETURN ON ASSETS**
(Per Cent)




The Group reported a negative return on asset of 0.5 per cent in FY2022 compared to a return on asset of 0.7 per cent in FY2021.

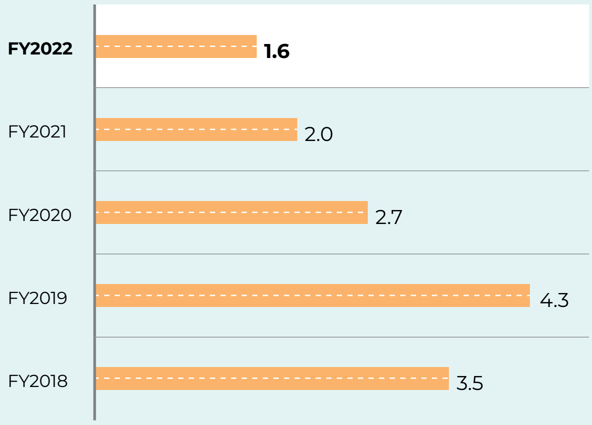
**RETURN ON EQUITY**
(Per Cent)




The Group reported a negative return on equity of 0.8 per cent in FY2022 from 1.2 per cent in FY2021.

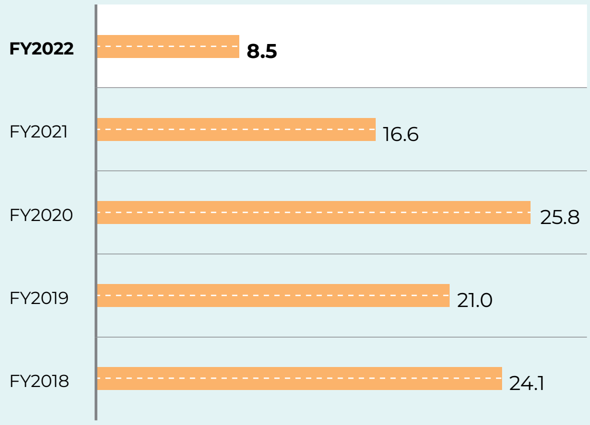
## FINANCIAL RATIOS – LIQUIDITY

**CURRENT RATIO**
(Times)




The Group continued to be strong in its short-term financial position as the current ratio stood at 1.6 times for FY2022.

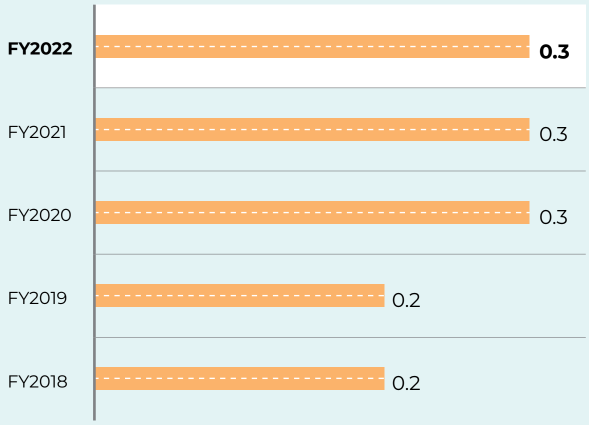
**CASH PER SHARE**
(Cents)




With a lower cash and cash equivalent, cash per share decreased to 8.5 cents as at 31 December 2022 from 16.6 cents per share as at 31 December 2021.

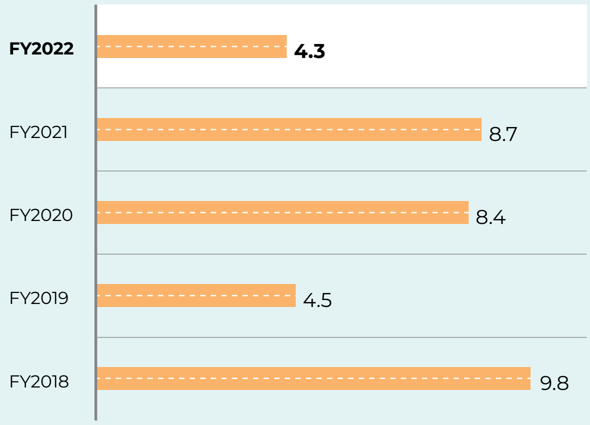
## FINANCIAL RATIOS – LEVERAGE

### TOTAL DEBT-TO-TOTAL-EQUITY RATIO
(Times)



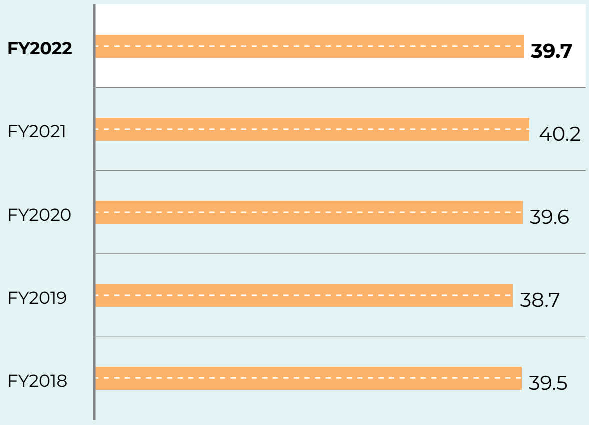

Our debt-to-equity ratio remained at 0.3 times in FY2022 and FY2021.

### INTEREST COVER RATIO
(Times)




Our interest cover ratio decreased to 4.3 times in FY2022 from 8.7 times in FY2021, due to lower earnings before income tax, deprecation and amortisation (EBITDA).

### NET TANGIBLE ASSETS PER SHARE
(Cents)

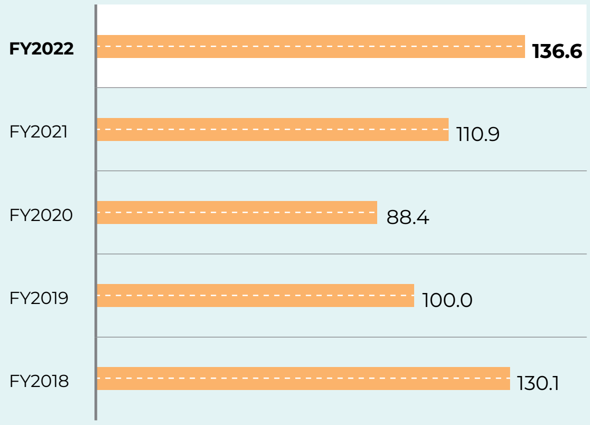



The Group's net tangible assets decreased by 1.2 per cent from $123.5 million in FY2021 to $122.0 million in FY2022.

Net tangible assets per share decreased to 39.7 cents per share in FY2022 from 40.2 cents per share in FY2021.

## FINANCIAL RATIO – PRODUCTIVITY

### REVENUE PER EMPLOYEE
($'000)




Revenue per employee was $136,600 in FY2022 as compared to $110,900 in FY2021 due to the increase in revenue.

*OUR OPERATING AND FINANCIAL REVIEW*

# CORPORATE LIQUIDITY AND CASH RESOURCES

*A newly purchased drilling rig for jet grouting.*


*OKP purchased a new excavator to support its many projects.*

| | FY2022 $'000 | FY2021 $'000 | FY2020 $'000 | FY2019 $'000 | FY2018 $'000 |
|---|---|---|---|---|---|
| **Group's consolidated statement of cash flows** | | | | | |
| Cash flows (used in)/provided by operating activities | (6,556) | (5,992) | 18,694 | (219) | (2,504) |
| Cash flows (used in) investing activities | (9,693) | (30,627) | (302) | (3,259) | (36,991) |
| Cash flows (used in)/provided by financing activities | (8,645) | 8,583 | (4,223) | (6,151) | 27,128 |
| Net (decrease)/increase in cash and cash equivalents | (24,894) | (28,036) | 14,169 | (9,629) | (12,367) |
| Cash and cash equivalents at the beginning of the financial year | 45,835 | 73,958 | 59,551 | 69,231 | 81,551 |
| Effects of currency translation on cash and cash equivalents | (146) | (87) | 238 | (51) | 47 |
| **Cash and cash equivalents at the end of the financial year** | **20,795** | **45,835** | **73,958** | **59,551** | **69,231** |
| Comprise of: | | | | | |
| Cash at bank and on hand | 9,235 | 15,822 | 29,084 | 14,429 | 25,702 |
| Short-term bank deposits | 16,596 | 35,062 | 49,658 | 49,892 | 48,451 |
| Trust account - Cash at bank | 139 | 147 | 355 | 316 | 122 |
| | 25,970 | 51,031 | 79,097 | 64,637 | 74,275 |
| Short-term bank deposits pledged to banks | (5,175) | (5,196) | (5,139) | (5,086) | (5,044) |
| **Cash and cash equivalents per consolidated statement of cash flows** | **20,795** | **45,835** | **73,958** | **59,551** | **69,231** |

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

We reported net cash of $6.6 million used in operating activities in FY2022, an increase of $0.6 million from net cash used in operating activities of $6.0 million in FY2021. The increase was due mainly to:

(a) a decrease in net cash generated from operating activities before working capital changes of $1.0 million;

which was partially offset by:

(b) a decrease in net working capital outflow of $0.2 million;

(c) an increase in interest received of $0.1 million; and

(d) a decrease in income tax paid of $0.1 million,

during FY2022.

Net cash used in investing activites decreased by $20.9 mllion from $30.6 million in FY2021 to $9.7 million in FY2022. The decrease was due mainly to:

(a) a decrease in cash used in the purchase of investment properties of $24.4 million, which was used for the purchase of investment properties in FY2021; and

(b) a decrease in advance extended to an associated company of $0.9 million,

which were partially offset by:

(c) an increase in cash used in the purchase of property, plant and equipment of $2.4 million; and


*OKP purchased a new tunnel boring machine for its construction works.*

*Newly purchased excavator being used onsite to support OKP's construction projects.*

(d) purchase of other investment at amortised cost of $2.0 million,

during FY2022.

Net cash provided by financing activities decreased by $17.2 million, from net cash provided by financing activities of $8.6 million in FY2021 to net cash used in financing activities of $8.6 million in FY2022. The decrease was due mainly to:

(a) a decrease in advance from a non-controlling shareholder of $5.6 million;

(b) a decrease in proceeds from bank borrowings of $11.7 million; and

(c) a decrease in repayment of lease liabilities of $0.8 million,

which were partially offset by:

(d) an increase in repayment of borrowings of $0.4 million;

(e) an increase in interest paid of $0.4 million; and

(f) an increase in bank deposit pledged of $0.1 million,

during FY2022.

Overall, free cash and cash equivalents stood at $20.8 million as at 31 December 2022, a decrease of $25.0 million from $45.8 million as at 31 December 2021. This works out to cash of 6.8 cents per share as at 31 December 2022 as compared to 14.9 cents per share as at 31 December 2021 (based on 306,961,494 issued shares).

*OUR OPERATING AND FINANCIAL REVIEW*

# CORPORATE LIQUIDITY AND CASH RESOURCES

*Newly purchased drilling rig to support OKP's existing and new projects.*

*OKP purchased a new excavator to support its projects.*

| | FY2022 \$'000 | FY2021 \$'000 | FY2020 \$'000 | FY2019 \$'000 | FY2018 \$'000 |
|---|---|---|---|---|---|
| **Net indebtedness** | | | | | |
| **Due within one year:** | | | | | |
| – Bank borrowings | 12,880 | 13,934 | 5,315 | 756 | 768 |
| – Lease liabilities | 2,951 | 2,087 | 1,957 | 2,005 | 1,307 |
| | 15,831 | 16,021 | 7,272 | 2,761 | 2,075 |
| **Due after one year:** | | | | | |
| – Bank borrowings | 16,157 | 20,087 | 21,190 | 22,781 | 23,902 |
| – Lease liabilities | 4,723 | 4,316 | 3,139 | 4,375 | 2,125 |
| | 20,880 | 24,403 | 24,329 | 27,156 | 26,027 |
| **Total debt** | **36,711** | **40,424** | **31,601** | **29,917** | **28,102** |

The lease liabilities of \$5.9 million (FY2021: \$5.6 million) are secured by way of corporate guarantees issued by the Company and charges over the property, plant and equipment under the leases.

The bank borrowings of \$29.0 million (FY2021: \$34.0 million) is secured by first legal mortgage over investment properties and a freehold property of the Group, certain bank deposits, the Group's shares in a subsidiary corporation and corporate guarantee of the Company.

The decrease in debt amount from \$40.4 million as at FY2021 to \$36.7 million as at FY2022 as a result of repayment of lease labilities and bank borrowings during FY2022.

*OUR OPERATING AND FINANCIAL REVIEW*

# VALUE ADDED STATEMENT

| | FY2022 $'000 | | FY2021 $'000 | | FY2020 $'000 | | FY2019 $'000 | | FY2018 $'000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | **117,646** | | 90,035 | | 69,627 | | 81,396 | | 90,449 | |
| Less:Purchase of goods and services | **(77,571)** | | (55,699) | | (37,816) | | (43,940) | | (41,867) | |
| **Gross value added from operations** | **40,075** | | 34,336 | | 31,811 | | 37,456 | | 48,582 | |
| Other income | **4,584** | | 8,779 | | 9,992 | | 2,711 | | 2,144 | |
| Loss/(gain) on foreign exchange | **(1,114)** | | (1,040) | | 711 | | (168) | | (778) | |
| Share of results of associated companies and joint ventures | **715** | | 351 | | (367) | | (1,039) | | (121) | |
| | **4,185** | | 8,090 | | 10,336 | | 1,504 | | 1,245 | |
| Total value added available for distribution | **44,260** | | 42,426 | | 42,147 | | 38,960 | | 49,827 | |
| **DISTRIBUTION** | | % | | % | | % | | % | | % |
| **To employees** | | | | | | | | | | |
| (1) Salaries and other staff costs | **37,394** | 85 | 35,064 | 83 | 29,763 | 71 | 30,866 | 79 | 30,752 | 62 |
| **To government** | | | | | | | | | | |
| (1) Corporate and property taxes | **527** | 1 | 349 | 1 | 552 | 1 | 456 | 1 | 1,043 | 2 |
| **To providers of capital:** | | | | | | | | | | |
| (1) Finance costs | **1,129** | | 696 | | 837 | | 976 | | 900 | |
| (2) Dividends to shareholders | **2,149** | | 2,149 | | 2,153 | | 3,084 | | 6,169 | |
| | **3,278** | 7 | 2,845 | 7 | 2,990 | 7 | 4,060 | 10 | 7,069 | 14 |
| **Balance retained in the business:** | | | | | | | | | | |
| (1) Depreciation and amortisation | **4,646** | | 4,304 | | 4,210 | | 3,487 | | 3,444 | |
| (2) Unappropriated profits | **(1,019)** | | 1,515 | | 3,293 | | (378) | | 6,488 | |
| (3) Minority interests | **1,183** | | 2,720 | | 662 | | 1,059 | | (842) | |
| | **4,810** | 11 | 8,539 | 19 | 8,165 | 19 | 4,168 | 12 | 9,090 | 19 |
| **Non-production costs and income:** | | | | | | | | | | |
| (1) Non-trade receivables written off | **500** | 1 | - | - | - | - | - | - | - | - |
| (2) Fair value (gain)/loss on investment properties | **(2,249)** | (5) | (4,371) | (10) | 677 | 2 | (590) | (2) | 1,873 | 4 |
| **Total distribution** | **44,260** | **100** | **42,426** | **100** | **42,147** | **100** | **38,960** | **100** | **49,827** | **100** |
| **PRODUCTIVITY ANALYSIS** | | | | | | | | | | |
| Number of employees | **861** | | 812 | | 788 | | 814 | | 695 | |
| Value added per employee ($'000) | **51** | | 52 | | 53 | | 48 | | 72 | |
| Value added per dollar of employment cost | **1.2** | | 1.2 | | 1.4 | | 1.3 | | 1.6 | |
| Value added per dollar of investment in fixed assets (before depreciation) | **0.5** | | 0.5 | | 0.6 | | 0.6 | | 0.9 | |
| Value added per dollar of revenue | **0.4** | | **0.5** | | **0.6** | | **0.5** | | **0.6** | |

Total value-added created by the Group in FY2022 amounted to $44.3 million (2021: $42.4 million) due to higher profits reported in FY2022.

In FY2022, about $37.4 million or 85.0 per cent of the value-added was paid to employees in the form of salaries and wages. $0.5 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while $3.3 million or 7.0 per cent was paid as dividends and interests to financial institutions. Balance of $4.8 million was retained by the Group for its future growth.

In FY2021, about $35.1 million or 83.0 per cent of the value-added was paid to employees in the form of salaries and wages. $0.3 million or 1.0 per cent was paid to the government in the form of corporate and property taxes while $2.9 million or 7.0 per cent was paid as dividends and interests to financial institutions. Balance of $8.5 million was retained by the Group for its future growth.

*OUR OPERATING AND FINANCIAL REVIEW*

# OUR PROPERTY PORTFOLIO


## THE ESSENCE

Development Property
**SINGAPORE** - Ongoing

| **Type** | **Stake** | **Expected TOP** |
|---|---|---|
| Apartment | 22.5% | April 2023 |
| **Location** | **Tenure** | **Gross Floor Area** |
| Chong Kuo Road | 99-year leasehold | 64,552 sq ft |
| **Acquisition Cost** | **Units** | **Gross Land Area** |
| $43.9 million | 84 | 46,101 sq ft |

The Group, together with a joint venture partner, won the bid to purchase a land parcel at Chong Kuo Road for $43.9 million in February 2018 to develop a condominium on the 99-year leasehold site. Called The Essence, the 84-unit condominium was launched in March 2019 with favourable response and is now fully sold.

The two five-storey blocks comprised one-bedroom to three-bedroom apartments, and the development is well-equipped with facilities including a lap pool, kids' pool, gymnasium and pool pavilion. The Essence will receive its temporary occupation permit (TOP) in April 2023.

Surrounded by scenic parks and nature reserves, The Essence is located near the Springleaf MRT station and a short distance away from shopping malls and schools in the neighbourhood. The project clinched a total of three awards – Boutique Condo Interior Design (Winner), Best Boutique Development High Density (Highly Commended) and Best Boutique Condo Architectural Design (Highly Commended) – at the Property Guru Asia Property Awards Singapore 2019.

## PHOENIX RESIDENCES

Development Property
**SINGAPORE** - Ongoing

| **Type** | **Stake** | **Expected TOP** |
|---|---|---|
| Apartment | 25.0% | July 2024 |
| **Location** | **Tenure** | **Gross Floor Area** |
| Phoenix Road | 99-year leasehold | 59,855 sq ft |
| **Acquisition Cost** | **Units** | **Gross Land Area** |
| $33.1 million | 74 | 42,754 sq ft |

Phoenix Residences was acquired at $33.10 million in 2018 through a successful tender by the Group's 25.0 per cent-owned associated company, USB Holdings Pte. Ltd. It is a 74-unit residential development project with a 99-year leasehold tenure. Marketing efforts have received good response. The development is expected to receive its TOP in July 2024.

Surrounded by the lush greenery of the Bukit Batok Golf Range and Bukit Timah Nature Reserve, Phoenix Residences is conveniently located within close proximity to Phoenix LRT Station and other MRT stations, and also served by many bus services. It is a short distance away from shopping malls with supermarkets and restaurants and schools.

## 6-8 BENNETT STREET

Investment Property
**AUSTRALIA**

| Type | Stake | Net Lettable Area |
|---|---|---|
| Office Building | 51.0% | 109,027 sq ft |
| **Location** | **Tenure** | **Land Area** |
| 6-8 Bennett Street in East Perth | Freehold | 33,530 sq ft |

**Fair Value as at 31 Dec 2022**

$39.9 million (FY2021: $42.6 million)

The Group, together with a joint venture partner, extended its footprint beyond Singapore by purchasing its first overseas property, a freehold office complex in Perth, Australia for A$43.5 million in April 2018. This property at 6-8 Bennett Street in East Perth, Western Australia has contributed to the Group's rental income. Comprising a four-storey building, a Grade A nine-storey building and a multi-storey car park, it is located 900 metres west of the Central Business District of Perth. The property is occupied by a mix of government and corporate tenants.


## 190 MOULMEIN ROAD #10-03 THE HUNTINGTON

Investment Property
**SINGAPORE**

| Type | Stake | |
|---|---|---|
| Apartment | 100% | |
| **Location** | **Tenure** | **Gross Land Area** |
| 190 Moulmein Road, #10-03 The Huntington | Freehold | 1,152 sq ft |

**Fair Value as at 31 Dec 2022**

$2.2 million (FY2021: $2.0 million)

Located at 190 Moulmein Road, this freehold apartment has a fair value of $2.2 million as at 31 December 2022. The Group bought it for investment.

*OUR OPERATING AND FINANCIAL REVIEW*

# OUR PROPERTY PORTFOLIO


## 69 AND 71 KAMPONG BAHRU ROAD

Investment Property
**SINGAPORE**

| Type | | Stake |
|---|---|---|
| Two adjoining two-storey shophouses | | 51% |
| **Location** | **Tenure** | **Gross Land Area** |
| 69 and 71 Kampong Bahru Road | Freehold | 5,725 sq ft |
| **Fair Value as at 31 Dec 2022** | | |
| $13.8 million (FY2021: $12.8 million) | | |

The Group acquired 69 and 71 Kampong Bahru Road for $12.4 million in May 2021. Comprising a pair of adjoining two-storey conservation shophouses, the freehold properties occupy a land area of approximately 2,343 sq ft. Kampong Tiong Bahru is a subzone within the planning area of Bukit Merah, Singapore. Its boundary is made up of the Ayer Rajah Expressway (AYE) in the south; Kampong Bahru Road in the east; Jalan Bukit Merah in the north; and Lower Delta Road in the west.

## 35 KRETA AYER ROAD

Investment Property
**SINGAPORE**

| Type | | Stake |
|---|---|---|
| Three-storey shophouse | | 51% |
| **Location** | **Tenure** | **Gross Land Area** |
| 35 Kreta Ayer Road | Freehold | 4,240 sq ft |
| **Fair Value as at 31 Dec 2022** | | |
| $16.0 million (FY2021: $15.0 million) | | |

The Group acquired 35 Kreta Ayer Road for $11.3 million in January 2021. The freehold property comprises a three-storey with attic shophouse, occupying a land area of approximately 1,568 sq ft. The property is located in the bustling Bukit Pasoh Conservation Area. It is located just 100 metres from the newly opened Maxwell MRT station on the Thomson-East Coast Line. The property is also within walking distance of Outram Park MRT interchange and Chinatown MRT interchange.

## 6 TAGORE DRIVE B1-05

IInvestment Property

**SINGAPORE**

**Type**
Office unit

**Stake**
100%

**Location**
6 Tagore Drive B1-05

**Tenure**
Freehold

**Gross Floor Area**
2,486 sq ft

**Fair Value as at 31 Dec 2022**
$1.7 million (FY2021: $1.6 million)

This freehold office unit located on the basement of a four-storey industrial building has a fair value of $1.7 million as at 31 December 2022 and is held for investment.

## 6 TAGORE DRIVE B1-06

Investment Property

**SINGAPORE**

**Type**
Office unit

**Stake**
100%

**Location**
6 Tagore Drive B1-06

**Tenure**
Freehold

**Gross Floor Area**
2,626 sq ft

**Fair Value as at 31 Dec 2022**
$1.8 million (FY2021: $1.7 million)

This freehold office unit at 6 Tagore Drive B1-06 has a fair value of $1.8 million as at 31 December 2022. It is held for investment.

## 7 WOODLANDS INDUSTRIAL PARK E2

Investment Property

**SINGAPORE**

**Type**
Factory

**Stake**
100%

**Location**
7 Woodlands Industrial Park E2

**Tenure**
60-year lease from 25 Sep 2006

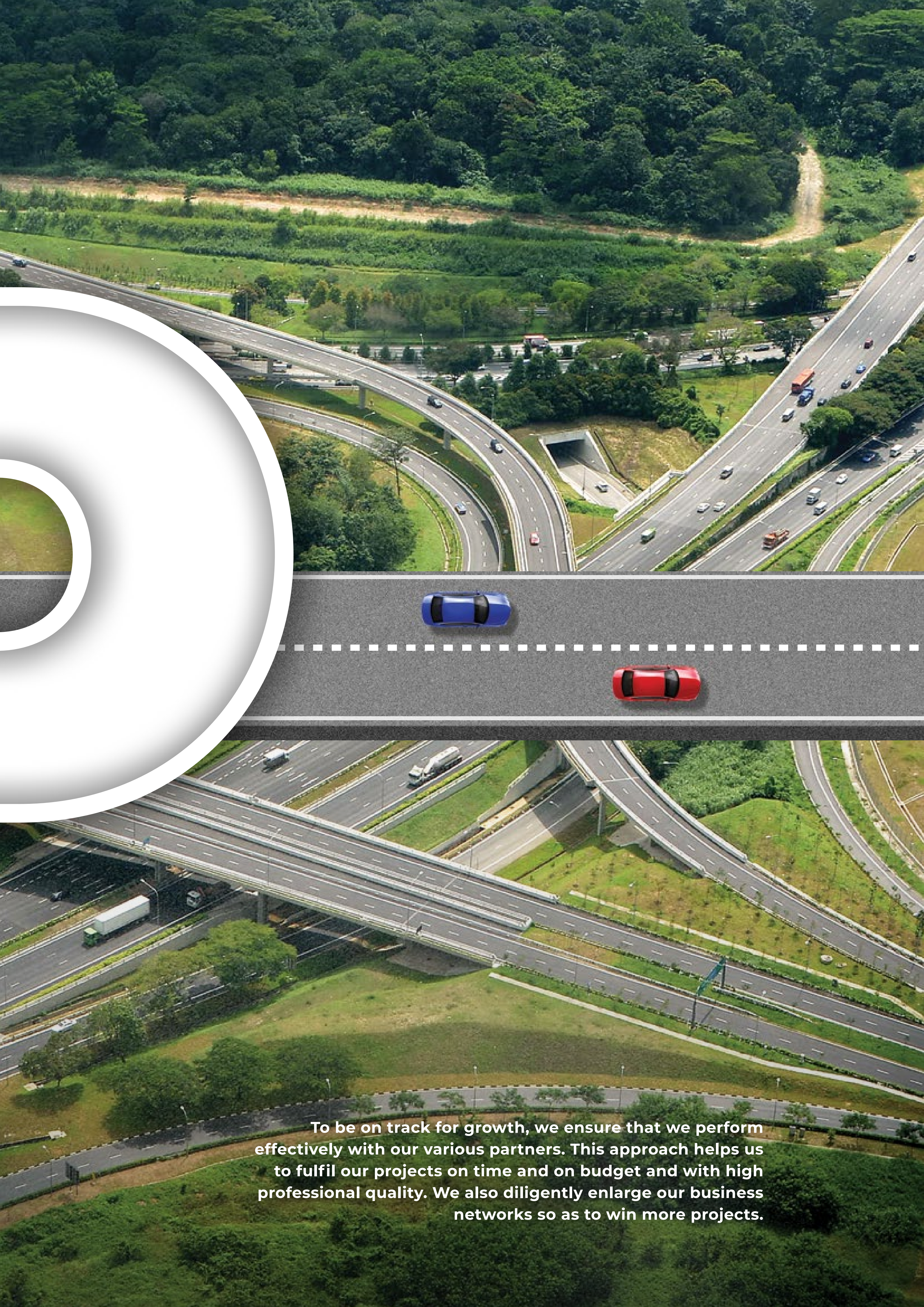
**Gross Floor Area**
7,319 sq ft

**Fair Value as at 31 Dec 2022**
$3.0 million (FY2021: $2.9 million)

This three-storey terrace factory at 7 Woodlands Industrial Park E2 has a fair value of $3.0 million as at 31 December 2022. With a 60-year lease from 25 September 2006, it is held for investment.

# PERFORMING WELL WITH PARTNERS

ON TRACK FOR GROWTH



To be on track for growth, we ensure that we perform effectively with our various partners. This approach helps us to fulfil our projects on time and on budget and with high professional quality. We also diligently enlarge our business networks so as to win more projects.

*GOVERNANCE AND SUSTAINABILITY*

# SUSTAINABILITY REPORT SUMMARY

## OVERVIEW

This is the eighth year that OKP Holdings Limited (OKP) is presenting a sustainability report according to the Global Reporting Initiative (GRI) Standards. For the financial year ended 31 December 2022 (FY2022), we have two reports – the annual report and a sustainability report. In the past, the Group has published a sustainability report as part of the annual report. It is now presented as a separate report based on the Singapore Exchange (SGX) Sustainability Reporting Guide and the GRI Standards. We have also adopted SGX's recommendation to use the list of 27 core ESG metrics in the sustainability report for FY2022.

In addition, OKP adopted the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB), to develop and set out recommendations to disclose climate-related financial information and help our organisation to understand and manage climate risks and opportunities. We have presented the TCFD with 11 recommended disclosures across four pillars, namely governance, strategy, risk management, and metrics and targets.

We have also aligned our sustainability efforts to the specific United Nations Sustainable Development Goals (UN SDGs) and appliable GRI standards. We have disclosed our progress against our sustainability targets.

The report covers for the financial year from 1 January 2022 to 31 December 2022 (FY2022). There were no significant changes to the Group's business sectors and value chain during the reporting period.

## OUR COMMITMENTS TO SUSTAINABILITY

The Group believes that sustainability is about adopting methods, which address and manage environmental, social and governance issues affecting our business and operations. We aim to be a progressive and dependable company, which is dedicated to corporate responsibility and sustainability. We want to be a responsible corporate citizen, providing distinct disclosure of the economic, social and governance aspects of our business performance to all our stakeholders, as well as establishing a monitoring framework. This approach has enabled us to pre-empt and mitigate enterprise risk, contributing to the long-term success of OKP.

Since 2011, we have published annual reports on nurturing the environment/climate change, empowering people and the community, and strengthening corporate governance.

## NURTURING THE ENVIRONMENT

The Group is fully aware of its responsibility for nurturing the environment and minimising negative environmental consequences at its construction sites

*Tree planting to help reduce $CO_2$ from the atmosphere at the opening ceremony of Sungei Tampines, in July 2022.*

**OKP's Sustainability Framework**


**Revenue increased**

| FY2021 | FY2022 |
|---|---|
| $90.0 milion | $117.6 milion |

**Water consumption decreased**

| FY2021 ('000) | FY2022 ('000) |
|---|---|
| 44.6 $m^3$ | 37.9 $m^3$ |

**Total CSR spending per annum increased**

FY2022 $50,000

FY2021 $19,000

**Total training hours per employee increased**

FY2022 7.8 hours

FY2021 7.1 hours

and the environment where OKP operates. We keep a close watch on energy (both electricity and diesel), waste and water management at our workplaces to ensure that we use our resources sensibly and efficiently. During FY2022, both water and electricity consumption had decreased as compared to the previous year. Wastage in concrete has reduced by 63.4 per cent from 147.5 $m^3$ in FY2021 to 54.0 $m^3$ in FY2022. The reduction in wastage resulting from operations efficiency and good planning at construction sites. Wastage in reinforcement has increased by from 2.2 tons in FY2021 to 3.3 tons in FY2022.

We proactively manage the emissions from all our operations to ensure that we manage the environmental impact and support the transition to a lower-carbon economy. FY2022 is our first year to disclose our Scope 1, 2 and 3 GHG absolute emission and emission intensity ratio. We will continue our efforts to reduce energy use and improve efficiency within all our business segments.

Playing an active role in promoting a green environment, the Group has been acknowledged for its environmentally-friendly initiatives. Since 2012, we have won 10 awards for being a green and gracious builder and one construction environmental award. In 2022, OKP received two green and gracious awards and one Eco-Office certification.

The Group adopts a holistic approach in managing the environmental impact of its activities and other risks in its supply chain. In managing our supply chain, our organisation has instituted a process for selecting its suppliers by checking on their industry reputation, track record, and Quality, Health, Safety and Environment (QHSE) standards. We engage our potential and current suppliers through regular reviews and feedback to make sure that they have the right skills, track record and sufficient resources to support our projects and activities.

## EMPOWERING PEOPLE AND THE COMMUNITY

The Group aims to empower its people and the community. We seek to be a trustworthy and compassionate employer to our 861-strong talent pool by providing training and developing them to reach their fullest potential, so that they can enjoy meaningful and fulfilling careers within OKP. We provide them with a safe working environment, training and career progression, fair and equitable system that rewards their productivity and performance. Our organisation does not have any collective bargaining agreement with its workforce.

GOVERNANCE AND SUSTAINABILITY

# SUSTAINABILITY REPORT SUMMARY

At OKP, we have instituted a culture of safety by championing safety and environmental awareness programmes to ensure the health and safety of our workforce and others, who visit or work at our worksites and premises. The Group also monitors energy, waste and water management at its worksites and offices to ensure that it is using resources economically and in a meaningful and accountable way.

Since 2006, OKP has won 32 safety awards in recognition of its outstanding performance in occupational safety and health management and accident-free environment.

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

*OKP completed the construction of Tampines Eco Green, part of Sungei Tampines project.*

## REINFORCING CORPORATE GOVERNANCE

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

As we seek to improve our corporate governance, we are committed to the principles of sustainability reporting. At OKP, we seek to fortify our performance in reporting financial and non-financial matters such as corporate governance, and social and environmental responsibilities.

Thus, our approach is both open and clear in providing the latest and most relevant information on our financial and non-financial business performance to all our stakeholders. We make it a point to share relevant data relating to our business, human resources, environmental impact, corporate social responsibilities and corporate governance so as to keep our stakeholders well informed. We also make it a priority to maintain a high standard of ethical practices and transparency in dealing with our stakeholders.

As a public company listed on the SGX, OKP seeks to maintain its growth, and operate its business ethically and profitably, with a pledge to achieving top standards in corporate governance and judicious risk management. Our view is that we will continue to be a strong and sustainable company, which is able to pursue its key growth paths, overcome uncertainties to become a steadfast business that brings long-term value to all our shareholders.

In summary, we seek to sustain our business growth and profitability by our dedication to sound corporate governance, robust financial management and professional operation; and empower our employees through our initiatives to foster and reward them for good performances. In addition, we aim to provide an affirmative impact on the community by safeguarding excellent corporate social responsibility; and championing a greener environment by executing environment-friendly activities in all our activities.

We invite you to read our full Sustainability Report at www.okph.com

# CORPORATE GOVERNANCE REPORT

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

The Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) requires all listed companies to describe, in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2018 (the Code).

The Group has reviewed and set out the corporate practices in place to comply with the Code, where appropriate, in this annual report.

We have presented our corporate governance policies and practices with reference to each of the principles and provisions of the Code in a tabular form, and explaining any deviations from the Code, taking into consideration the Practice Guidance relating to the Code.

The Board of Directors is pleased to confirm that for the financial year ended 31 December 2022, the Company has adhered to the principles as set out in the Code. In so far as any provisions have not been complied with, the reasons for the variations have been provided.

## 1. BOARD MATTERS

The Board's Conduct of Affairs

*Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

**Our Policy and Practices:**

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

*Provision 1.1: Directors are fiduciaries who act objectively in the best interests of the company*

*Practice Guidance1: Board's role*

- Reviewing and approving the corporate policies, strategies, budgets and financial plans of the Company;
- Monitoring financial performance, including approval of the full year and periodic financial reports of the Company;
- Approving major investment and funding decisions;
- Reviewing the evaluation process on the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance;
- Overseeing the business and affairs of the Company, establishing the strategies and financial objectives to be implemented by the Management and monitoring the performance of the Management;
- Identifying the key stakeholder groups whose perceptions affect the Company's reputation;
- Setting the Company's values and standards, and ensuring that obligations to shareholders and other stakeholders are understood and met;
- Considering sustainability issues such as environmental and social factors, as part of its strategic formulation; and
- Assuming responsibilities for corporate governance.

*Practice Guidance 1: Conflicts of interest*

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. Where a Director encounters any conflict of interests, he shall not participate in any discussions or decisions involving the issues of conflict.

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.

# 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 CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) on the developments in financial reporting standards and the changes that affect the Group. The Group Managing Director also updates the Board at each meeting on business and strategic developments pertaining to 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.

*Provision 1.2: 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 related costs are borne by the Company.

*Provision 1.2: Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense*

During the financial year, the Directors took up the following training opportunities to update their knowledge in specific areas:

- Singapore International Transport Congress & Exhibition (SITCE) 2022 organised by the Land Transport Authority in November 2022
- Environmental, Social and Governance Essentials (Core) training conducted by the Singapore Institute of Directors in 2022

Directors however may themselves search for and pursue opportunities which help them to keep pace with their areas of professional expertise.

*Rule 720 (7): All Directors undergo training on sustainability matters as prescribed by SGX*

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.

*Provision 1.2: Directors understand the company's business*

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, 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.

*Provision 1.3: Matters requiring Board approval*

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.

*Provision 1.4: Disclosure on delegation of authority by Board to Board Committees*

*Practice Guidance 1: Board organisation and support*

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Board held two scheduled meetings in the financial year ended 31 December 2022. Ad hoc Board meetings are also held whenever the Board's guidance or approval is required, outside of the scheduled Board meetings.

*Provision 1.5: Directors attend and actively participate in Board and Board Committee meetings*

The attendance of the Directors at scheduled meetings of the Board and Board Committees during the financial year ended 31 December 2022 is disclosed below:–

| | Board | Board Committees | | |
|---|---|---|---|---|
| | | Audit | Remuneration | Nominating |
| **Number of scheduled meetings held** | **2** | **2** | **1** | **1** |
| **Name of Directors** | | | | |
| Mr Or Kim Peow | 2 | *2 | *1 | *1 |
| Mr Or Toh Wat | 2 | *2 | *1 | *1 |
| Mdm Ang Beng Tin | 2 | *2 | *1 | *1 |
| Mr Or Kiam Meng | 2 | *2 | *1 | *1 |
| Mr Oh Enc Nam | 2 | *2 | *1 | *1 |
| Mr Or Lay Huat Daniel | 2 | *2 | *1 | *1 |
| Dr Chen Seow Phun, John | 2 | 2 | 1 | 1 |
| Mr Nirumalan s/o V Kanapathi Pillai | 2 | 2 | 1 | 1 |
| Mr Tan Boen Eng | 2 | 2 | 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 and video communications at Board meetings are allowed under Regulation 120(2) of the Company's Constitution.

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

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

# CORPORATE GOVERNANCE REPORT (CONT'D)

*Provision 1.5: Directors with multiple board representatives give sufficient time and attention to the Company*

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC also considers whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. Where necessary, the NC will seek clarity on the Director's involvement therein and assess whether his resignation from the board of any such company casts any doubt on his qualification and ability to act as a director of the Company. In support of their candidature for directorship or re-election, Directors are to provide the NC with details of their other commitments and an indication of the time involved. In addition, Directors should consult the NC before accepting any new appointments as Directors. The NC has addressed the competing time commitments faced by Directors serving on multiple boards and is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Following the cessation of quarterly reporting of financial statements by the Company, the Board has conducted a review and determined that a Director may hold up to 10 listed company board representations. None of the Directors of the Company hold more than 10 listed company board representations.

*Provision 1.6: Management to provide directors with complete, adequate and timely information prior to meetings*

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

The Management provides members of the Board with half-yearly 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.

*Provision 1.7: Directors have separate and independent assess to management and company secretary*

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, the Securities and Futures Act and the Listing Manual of the SGX-ST. He also advises the Board on corporate governance matters.

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

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

# CORPORATE GOVERNANCE REPORT (CONT'D)

**Board Composition and Guidance**

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

**Our Policy and Practices:**

*Practice Guidance 2: Director Independence*

Currently, the Board consists of nine Directors, of whom three are considered independent by the Board. The Independent Directors constitute 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. The Board interacts and works with the Management through a constructive exchange of ideas and views to shape the strategic process.

*Provision 2.1: NC adopts the definition of what constitutes an "independent director"*

The independence of each Director is reviewed by the NC on an annual basis. Each Independent Director is required to complete a checklist annually 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 corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

One of the Directors, Mr Nirumalan s/o V Kanapathi Pillai is the Senior Director of Niru & Co LLC, which provides legal and professional services to the Group from time to time. The NC is of the view that the business relationship with Niru & Co LLC will not interfere with the exercise of independent judgement by Mr Niru in his role as an Independent Director as matters involving the Group are usually handled by the other directors of Niru & Co LLC. As such, the NC considers Mr Niru to be independent. No services were rendered by and no payment was made to Niru & Co LLC in the financial year ended 31 December 2022.

Prior to 11 January 2023, Rule 210(5) of the SGX-ST Listing Manual provided that a director who has served for an aggregate period of more than nine years was to be regarded as non-independent, unless the two-tier vote exception applied. With effect from 11 January 2023, the two-tier vote exception is no longer available and a director will not be independent if he has been a director for more than nine years. However, a director who crosses the nine-year mark may continue to be considered independent until the conclusion of the next annual general meeting of the Company. Such revised rule will take effect from the annual general meeting for the financial year ending on or after 31 December 2023. As all the three Independent Directors have exceeded the tenure limit, the Company has started taking steps to identify suitable replacements before the annual general meeting in 2024.

*Provisions 2.2 and 2.3: Independent directors to make up a majority of the Board where Chairman is not independent and non-executive directors make up majority of the Board*

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 view that it is not necessary for independent directors to make up the majority of the Board. The Board is of the view that the Group's current size is relatively small and the business and operations of the Group are not overly complex. Based on the audited financial statements for FY2022, the Group has generated revenue of $117.6 million with net profit of $0.2 million. 95.3% of revenue was generated in Singapore. Thus, the appointment of additional independent directors will result in the Board becoming disproportionately large for the Group's current scale of business and operations. The appointment of additional independent directors would also result in additional cost to the Group. Further, the NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

# 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.

*Practice Guidance 2: Proportion of non-executive directors*

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.

*Provision 2.4: The Board is of an 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.

*Practice Guidance 1: Director competencies*

<u>Board Diversity Policy</u>

The Company recognises that diversity in the composition of the Board will provide a broader range of insights and perspectives needed to attain strategic objectives and sustainable development.

*Practice Guidance 2: Board diversity policy*

The Company had, since 10 July 2015, supported the Board Diversity Pledge initiated by SID and SGX-ST where the Company pledged its commitment to promote "diversity as a key attribute of a well-functioning and effective Board".

The Company pledged that it is committed to promoting diversity as a key attribute of a well-functioning and effective Board. The Company believes that a diverse Board will enhance decision-making by harnessing the variety of skills, industry and business experience, gender, age, ethnicity and culture, geographical background and nationalities and other distinguishing qualities of the members of the Board.

*<u>Annual review</u>*

The Company recognises that diversity in relation to composition of the Board provides a range of insights and challenge needed to support good decision making for the benefit of the Group, and is committed to ensuring that the Board comprises Directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that the Company has the opportunity to benefit from all available talent.

Aside from skill diversity, the NC also reviewed other aspects of diversity such as gender, age and race and was satisfied that the Board and the Board Committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, talents, experience, and other aspects of diversity.

The Company has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to periodically assess the progress in achieving these objectives.

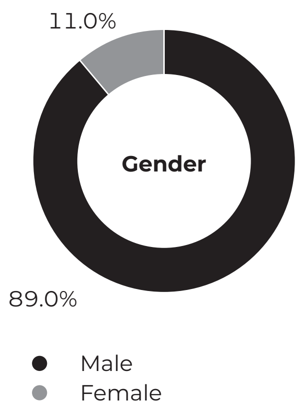
# CORPORATE GOVERNANCE REPORT (CONT'D)

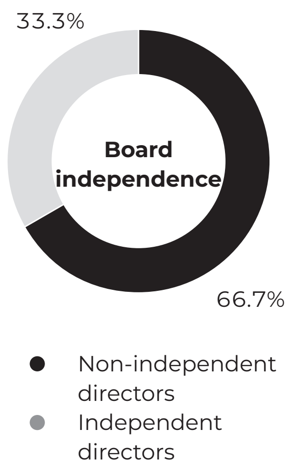
The NC reviews and assesses the Board composition and recommends the appointment of new directors where necessary. The NC conducts an annual review of the directors' mix of skills and experience to ensure that the directors possess what the Board requires to function competently and efficiently. The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

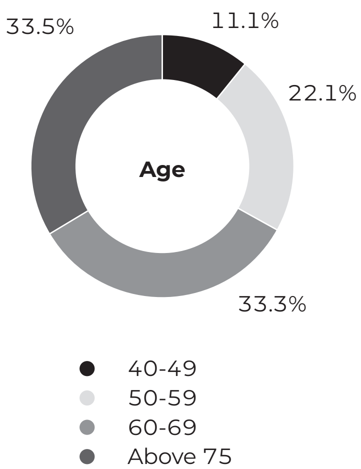
*Knowledge, skills and experience*

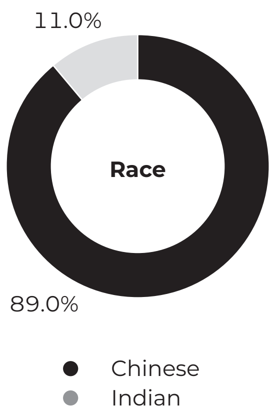
- Accounting and finance
- Human resource
- Legal
- Risk management
- Business entrepreneurship
- Strategic planning experience
- Sustainability and governance
- Tax

*Other aspects of diversity*



# CORPORATE GOVERNANCE REPORT (CONT'D)

*Plans and targets*

| Targets | Progress |
|---|---|
| Replace all Independent Directors who have served for more than nine years by end of FY2023. | The Company has started taking steps to identify suitable candidates. |
| Skills and experience: Improve skills and experience diversity by appointing new Independent Director with core competence not present on the current Board by end of FY2025. | The Company will take this into consideration when identifying suitable candidates to replace the current Independent Directors. |

*Practice Guidance 2: Director independence*

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 until the annual general meeting of the Company for the financial year ending 31 December 2023. 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 propose 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 independent, notwithstanding that they have served on the Board for more than nine years. Nevertheless, the Company has started taking steps to identify suitable replacements for them before the annual general meeting of the Company in 2024.

*Provision 2.5: Regular meetings of non-executive directors*

The Independent Directors met amongst themselves without the presence of the Management once in respect of the financial year ended 31 December 2022. The Lead Independent Director provides feedback to the Board where appropriate.

**Chairman and Chief Executive Officer**

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

**Our Policy and Practices:**

*Provision 3.1: Chairman and CEO are separate persons*

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.

# CORPORATE GOVERNANCE REPORT (CONT'D)

*Provision 3.2: Chairman's and CEO's roles*

*Practice Guidance 1: Scope of Director Duties*

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

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

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

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

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

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

*Provision 3.3: Appointment of LID*

*Practice Guidance 2: Role of the LID*

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 and for which contact through the normal channels of communication with the Group Chairman or the Management are inappropriate or inadequate.

The Independent Directors, led by the LID, provide leadership in situations where the Group Chairman is conflicted.

# CORPORATE GOVERNANCE REPORT (CONT'D)

**Board Membership**

*Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

**Our Policy and Practices:**

*Provision 4.2: The NC comprises at least three directors, majority of whom are independent*

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

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

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

*Provision 4.1: NC to make recommendation to the Board on relevant matters*

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

The NC is charged with the responsibility of re-nominating the Directors. Pursuant to Regulation 107 of the Company's Constitution, one-third of the Directors shall retire from office at the Company's Annual General Meeting (AGM). In addition, Regulation 109 provides that the retiring Directors are eligible to offer themselves for re-election.

*Provision 4.3: The Company discloses the process for the selection, appointment and re-appointment of directors to the Board*

*Practice Guidance 4: Selection, appointment and re-appointment process*

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

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

(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;

# CORPORATE GOVERNANCE REPORT (CONT'D)

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

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

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

*Provision 4.4: NC to determine director independence annually*

Currently, the Company does not have alternate directors.

*Practice Guidance 4: Appointment of alternate directors*

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

*Provision 4.5: Key information regarding directors*

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

| Name | Age | Position | Date of initial appointment | Date of last re-election |
|---|---|---|---|---|
| Mr Or Kim Peow | 88 | Group Chairman | 15 February 2002 | 27 April 2020 |
| Mr Or Toh Wat | 55 | Group Managing Director | 15 February 2002 | 26 April 2021 |
| Mdm Ang Beng Tin | 67 | Executive Director | 20 March 2002 | 26 April 2021 |
| Mr Or Kiam Meng | 58 | Executive Director | 20 March 2002 | 27 April 2020 |
| Mr Oh Enc Nam | 67 | Executive Director | 20 March 2002 | 25 April 2022 |
| Mr Or Lay Huat Daniel | 45 | Executive Director | 1 August 2006 | 25 April 2022 |
| Dr Chen Seow Phun, John | 69 | Lead Independent Director | 25 June 2002 | 27 April 2020 |
| Mr Nirumalan s/o V Kanapathi Pillai | 70 | Independent Director | 1 June 2005 | 26 April 2021 |
| Mr Tan Boen Eng | 90 | Independent Director | 25 June 2002 | 25 April 2022 |

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.

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

*Provision 4.5: New directors are aware of their duties and obligations*

# CORPORATE GOVERNANCE REPORT (CONT'D)

**Board Performance**

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

**Our Policy and Practices:**

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

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

*Provisions 5.1 and 5.2 and Practice Guidance 5: Board to implement process to address how the Board's performance may be evaluated and disclose the process in annual report*

(a) <u>Assessment of the effectiveness of the Board as a whole</u>

The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist. The Board Assessment Checklist takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance which allow for comparison with industry peers. The selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The NC has reviewed and is satisfied with the performance and effectiveness of the Board as a whole for the financial year ended 31 December 2022.

(b) <u>Assessment of the contribution of individual Directors to the effectiveness of the Board</u>

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 2022.

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

The NC is of the view that the primary objective of the assessment exercise is to create a platform for the Board members to exchange feedback on the Board's strengths and shortcomings with a view to strengthening the effectiveness of the Board. The assessment exercise also assists the Directors to focus on their key responsibilities. It also helps the NC in determining whether to re-nominate Directors who are due for retirement at the next AGM, and in determining whether Directors with multiple board representatives are able to and have adequately discharge their duties as Directors of the Company.

The NC had conducted its assessments of the Board and the individual Directors in respect of the financial year ended 31 December 2022.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## 2. REMUNERATION MATTERS

**Procedures for Developing Remuneration Policies**

*Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

**Our Policy and Practices:**

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

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

*Provision 6.1: The Board establishes RC to review and make recommendation*

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:

*Provision 6.2: RC comprises at least three non-executive directors, majority of whom are independent*

- 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 Executive Directors.

*Practice Guidance 6: There should be written terms of reference which clearly spell out authority and duties of the RC*

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

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

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC aims to be fair and avoid rewarding poor performance. The RC will obtain advice from external consultants for benchmarking, where necessary.

*Provision 6.3: RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other listed companies. The RC may from time to time seek advice from external remuneration consultants who are unrelated to the Company, at its discretion.

*Provision 6.4: The company discloses the engagement of any remuneration consultants*

# CORPORATE GOVERNANCE REPORT (CONT'D)

**Level and Mix of Remuneration**

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

**Our Policy and Practices:**

*Provision 7.1: Proportion of remuneration is structured so as to link rewards to corporate and individual performance*

The Company has a staff remuneration policy which comprises a fixed component and a variable component.

The fixed component comprises basic salary plus other fixed allowances. To ensure that key executives' remuneration is consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

*Practice Guidance 7: The Company's remuneration framework should be tailored to the specific role and circumstances of each director and key management personnel*

The variable component is linked to the performance of the Company and the individual. In the financial year ended 31 December 2022, variable or performance-related income/bonus made up 6.0% of the total remuneration of each Executive Director. The variable remuneration is reviewed and approved by the RC to ensure alignment of the Directors' interests with those of shareholders and promote the long-term success of the Group.

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

*Provision 7.2: Remuneration of non-executive directors dependent on contribution, effort, time spent and responsibilities*

The Independent Directors do not have any service agreements with the Company. They are paid director's fees, which are proposed by the Board based on the effort, time spent and responsibilities of the Independent Directors. Each of the Independent Directors receives a base director's fee. Independent Directors who serve on the various Board Committees also receive additional fees in respect of each Board Committee that they serve on, with the Chairmen of the Board Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committee. The director's fees are subject to approval by the shareholders at each AGM of the Company. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

*Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company*

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

There are no termination or retirement benefits that are granted to the Directors. The RC is currently of the view that it is 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. The Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Directors in the event of such breach of fiduciary duties.

# CORPORATE GOVERNANCE REPORT (CONT'D)

**Disclosure on Remuneration**

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

**Our Policy and Practices:**

*Provisions 8.1, 8.2 and 8.3: Remuneration of Directors and top 5 key management personnel*

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

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel. The remuneration levels are in line with industry practices and the variable bonuses are linked to the Company's and the individual's performance.

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

A breakdown showing the level and mix of each individual Director's remuneration in the financial year ended 31 December 2022 is as follows:

| Remuneration Band & Name of Director | Base/ fixed salary * | Variable or performance related income/ bonuses | Directors' fees ** | Directors' Allowance | Benefits-in-kind | Total |
|---|---|---|---|---|---|---|
| **$500,000 to $749,999** | | | | | | |
| Mr Or Kim Peow | 73.0% | 6.0% | – | 15.0% | 6.0% | 100.0% |
| **$250,000 to $499,999** | | | | | | |
| Mr Or Toh Wat | 73.0% | 6.0% | – | 16.0% | 5.0% | 100.0% |
| Mdm Ang Beng Tin | 72.0% | 6.0% | – | 17.0% | 5.0% | 100.0% |
| Mr Or Kiam Meng | 73.0% | 6.0% | – | 16.0% | 5.0% | 100.0% |
| Mr Oh Enc Nam | 72.0% | 6.0% | – | 17.0% | 5.0% | 100.0% |
| Mr Or Lay Huat Daniel | 75.0% | 6.0% | – | 17.0% | 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*

# CORPORATE GOVERNANCE REPORT (CONT'D)

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 2022 is as follows:

| 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 | 78.0% | 17.0% | 5.0% | 100.0% |
| **Below $250,000** | | | | |
| Mr Or Yew Whatt [(1), (3)] | 83.0% | 13.0% | 4.0% | 100.0% |
| Mr Oh Kim Poy [(2), (3)] | 86.0% | 14.0% | –% | 100.0% |

* *Inclusive of allowances and Central Provident Fund contributions*

(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 2022 was $640,101 (31 December 2021: $630,033).

Save as disclosed above, there was no employee of the Company and its subsidiary corporations who are substantial shareholders of the company, or are immediate family members of a Director, the Group MD or a substantial shareholder and whose remuneration exceeded $100,000 during the financial year ended 31 December 2022. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

*Provision 8.2: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds $100,000*

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 up to $100,000.

The Company has adopted the OKP Performance Share Scheme ("PSS") to increase the Company's flexibility and effectiveness in its continual efforts to reward, retain and motivate employees to achieve superior performance. The PSS was approved by the shareholders at the Extraordinary General Meeting held on 29 April 2019 and is in force for a period of 10 years. Please refer to the Company's circular dated 1 April 2019 for details of the PSS.

*Provision 8.3: Details of employees share schemes*

Since the commencement of the PSS and during the financial year under review, no award of shares have been granted under the PSS.

# CORPORATE GOVERNANCE REPORT (CONT'D)

**3. ACCOUNTABILITY AND AUDIT**

**Risk Management and Internal Controls**

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

**Our Policy and Practices:**

*Provision 9.1: The Board determines the nature and extent of the significant risks which the Company is willing to take*

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. The Company's approach to risk management is set out in the "Risk Assessment and Management" section on pages 93 to 102 of this Annual Report.

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

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

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

The Management has reported to the AC for the financial year ended 31 December 2022, on the Group's risk profile, the status of the risk mitigation action plans and updates on the following areas:

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

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

# CORPORATE GOVERNANCE REPORT (CONT'D)

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 regular basis. This responsibility extends to reports to regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET, press releases and the Company's website. The Board will review and approve the financial reports before their release. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

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

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

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

The Board has obtained written assurance from the Group MD and the Group Financial Controller that:

*Provision 9.2: The Board received assurance from the CEO and CFO*

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) the Group's risk management and internal control systems are adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Based on (i) the Group's framework of risk management control; (ii) the internal control policies and procedures established and maintained by the Group; and (iii) the work performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were effective and adequate as at 31 December 2022.

*SGX Listing Rule 1207(10)*

**Audit Committee**

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

**Our Policy and Practices:**

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

*Provision 10.2: The AC comprises at least three non-executive directors, majority of whom are independent*

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

# CORPORATE GOVERNANCE REPORT (CONT'D)

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.

*Provision 10.1: Duties of the AC*

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

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

- To review audit plans of the Company's external auditors and internal auditors, including the report on significant risk areas and any recommendations on internal accounting controls arising from the statutory audit of the external and internal auditors' review and evaluation of the Group's system of internal controls;
- To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with relevant financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the external auditors;
- To ensure that the internal audit function is adequately resourced and review the adequacy and effectiveness of the internal audit function at least annually;
- To review the cost effectiveness of the external audit, and where the external auditors provide non-audit services to the Company, to review the nature, extent and costs of such services and the independence and objectivity of the external auditors;
- To review the periodic consolidated financial statements of the Group before submission to the Board for approval for release of the results announcement to the SGX-ST;
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assurance from the Group MD and Group Financial Controller on the financial records and financial statements;
- To oversee and monitor whistleblowing;
- 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.

*Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation*

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

# CORPORATE GOVERNANCE REPORT (CONT'D)

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 2022. The IA reports directly to the AC and has full access to all the Company's documents, records, properties and personnel.

*Provision 10.4: Primary reporting line of the internal audit function is to the AC*

The AC met with the external auditors two times during the financial year ended 31 December 2022 and once in February 2023, 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 2022.

*Provision 10.5: AC meets with the external auditors and IA without the presence of the Management*

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.

*Provision 10.1(e): AC to review the adequacy, effectiveness, independence, scope and results of the external audit of the company*

In line with the requirements of the SGX-ST, HLS Risk Advisory Services Pte Ltd has performed a review of the sustainability reporting process of the Group for the financial year ended 31 December 2022. The review has been conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

*Practice Note 7.6 Sustainability Reporting Guide 5.3: Internal Reviews and External Assurance*

The fees paid or payable to the external auditors of the Group for audit and non-audit services (namely, tax advice) for the financial year ended 31 December 2022 amounted to $188,500 (2021: $184,000) and $35,000 (2021: $54,000) respectively. The AC has undertaken a review of all non-audit services provided to the Company by the external auditors and, in the AC's opinion, they would not affect the independence of the external auditors. As such, the AC has recommended the re-nomination of the external auditors.

Some of the joint venture companies and associated companies of the Group, including a Singapore-incorporated significant associated company 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 Board and the AC are satisfied that these other independent auditors are suitable and their appointment would not compromise the standard and effectiveness of the audit of the Company.

The Company has complied with Rules 712 and 716 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 financial year ended 31 December 2022 is the first year for which the current audit partner of CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) is in charge of the audit of the Group.

# CORPORATE GOVERNANCE REPORT (CONT'D)

Whistle-Blowing Policy

*Provision 10.1(f): AC to review the existence of the whistle-blowing policy*

The Company has put in place a whistle-blowing policy since December 2006 (updated in July 2009 and January 2022) which sets out the procedures for employees and other persons to raise concerns about possible misconduct or wrongdoing relating to the Company and its officers, including improprieties in financial reporting or other matters.

The AC is responsible for oversight and monitoring of whistleblowing. The whistle-blowing policy has been reviewed by the AC and approved by the Board. The AC is satisfied that appropriate arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The whistle-blowing policy provides for the following:

(a) all cases reported are independently investigated by an investigation unit established by the AC;
(b) all reports are handled confidentially, except as necessary or appropriate to conduct investigation or to take remedial action, and the identity of the whistle-blower will be kept confidential and confined to the AC and the investigation unit so long as it does not hinder investigations;
(c) action will be taken to protect the whistle-blower, who has raised a genuine concern in good faith, from detrimental or unfair treatment, and such person shall not suffer reprisal even if he turns out to be mistaken;
(d) appropriate remedial measures are taken where warranted; and
(e) 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.

The Policy seeks to protect the whistle-blowers from any unfair treatment as a result of their reports. The Group is committed to ensure protection of the whistle-blower against detrimental or unfair treatment.

The whistle-blower should report his/her concern to the Chairman of the AC, who will handle all reported cases and ensure that issues raised are properly resolved by the Management or such parties as appropriate.

A whistle-blowing 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. A copy of the Policy and the whistle-blowing contact are published on the Company's website.

There were no whistle-blowing reports received during FY2022 and up to the date of this Report.

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 2022, the changes in accounting standards did not have any significant impact on the Company's financial statements. The AC also attended external seminars on finance, corporate governance, regulatory and other business-related topics.

# CORPORATE GOVERNANCE REPORT (CONT'D)

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

*Practice Guidance 10: AC to ensure internal audit function is adequately resourced*

A copy of the AC report is set out on pages 91 to 92 of this Annual Report.

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

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

The IA 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.

*Practice Guidance 10: AC to ensure adequacy and effectiveness of the internal audit function*

The AC reviews the activities of the IA 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 CLA Global TS Risk Advisory Pte Ltd (formerly 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 IA's 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.

# CORPORATE GOVERNANCE REPORT (CONT'D)

## 4. SHAREHOLDER RIGHTS AND ENGAGEMENT

**Shareholder Rights and Conduct of General Meetings**

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

**Our Policy and Practices:**

*Provision 11.1: The company provides shareholders with opportunity to participate effectively and vote at general meetings*

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

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

*Provision 11.2: Company tables separate resolutions at general meeting*

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

*Provision 11.3: All directors attend general meetings of shareholders*

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

The Company strives to maintain a high standard of transparency and to promote better investor communications. The Board supports active shareholder participation at AGMs and EGMs 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 Annual Report is available on SGXNet and the Company's corporate website and may be sent to shareholders upon request. Notices of general meetings will also be announced on SGXNet and the Company's corporate website.

*Provision 11.4: Shareholders should be allowed vote in absentia*

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

*Provision 11.5: Minutes to be available to shareholders*

The Company prepares minutes of general meetings and makes these minutes of the discussion at the general meetings available to shareholders upon their request. Where required by the relevant regulations, the minutes will be made available on SGXNet and the Company's corporate website.

# CORPORATE GOVERNANCE REPORT (CONT'D)

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.

*Provision 11.6: The Company has a dividend policy*

Over the past five financial years up to 2022, the Group had declared total annual dividends at the rate of approximately 47.6% to 142.9% of the net profit attributable to equity holders of the Company. To reward shareholders for their continuous support, the Group has proposed a final dividend of 0.70 cent per share for the financial year ended 31 December 2022, notwithstanding that the Group reported a net loss attributable to equity holders.

Any dividend payments are clearly communicated to shareholders via announcements on SGXNet.

**Engagement with Shareholders**

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

**Our Policy and Practices:**

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

*Provision 12.1: Company provides avenues for communication with shareholders*

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 44 to 49 of OKP Sustainability Report 2022.

*Provisions 12.2 and 12.3: Company has in place an investor relations policy which allows for an ongoing exchange of views and sets out the mechanism through which shareholders may contact the company*

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

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

The Company's IR team communicates with the shareholders and analysts on a regular basis and attends to their queries or concerns. The Company provides an email address for shareholders or analysts at okpir@okph.com and contact details of the IR team via the Company's website. During the financial year ended 31 December 2022, the Company received a number of email enquiries from shareholders, investors and analysts which were attended to within a stipulated period.

# CORPORATE GOVERNANCE REPORT (CONT'D)

The Company holds post-results briefings with analysts after the announcement of the full year financial results. 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 conducts media interviews to give shareholders and the public deeper insights of the Group's business and management thinking when opportunities present themselves.

## 5. MANAGING STAKEHOLDERS RELATIONSHIPS

**Engagement with Stakeholders**

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

**Our Policy and Practices:**

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

*Provision 13.1: Company has identified and engage with its material stakeholders*

The Company has regularly engaged its stakeholders to ensure that its business interests are aligned with those of the stakeholders and to understand and address their concerns so as to sustain business operations for long-term growth.

*Provision 13.2: The Company discloses its strategy and key areas of focus in relation to the management of stakeholder relationships*

The Group has also undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Having identified the stakeholders and the material issues, it has provided the necessary guidance on the key areas of focus and the prioritisation of resources for the various sustainability initiatives. Please refer to OKP Sustainability Report 2022 for further details.

The Company maintains a website at http://www.okph.com to communicate and engage with stakeholders.

*Provision 13.3: The Company maintains a corporate website*

# CORPORATE GOVERNANCE REPORT (CONT'D)

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

## 7. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that there were no material contracts of the Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of financial year ended 31 December 2022 or if not then subsisting, entered into since the end of the financial year ended 31 December 2021.

## 8. INTERESTED PERSON TRANSACTIONS

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

The AC reviews any interested person transaction entered into by the Group. If the Group intends to enter into an interested person transaction, the Board will ensure that the Group 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 2022.

# AUDIT COMMITTEE REPORT

## RESPONSIBILITIES OF THE AUDIT COMMITTEE (AC)

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

## MEMBERS AND GOVERNANCE OF THE AUDIT COMMITTEE

The AC was formed on 12 July 2002 and comprises entirely of independent directors, namely, Dr Chen Seow Phun, John (AC Chairman), Mr Nirumalan s/o V Kanapathi Pillai and Mr Tan Boen Eng. There have been no changes in the members of the AC since the financial year ended 31 December 2021.

The AC has the appropriate relevant financial experience to discharge their responsibilities. Details of the members' qualifications and experience are available on page 30 of this Annual Report.

## MEETINGS OF THE AUDIT COMMITTEE

The AC met two times during the financial year ended 31 December 2022 and once in February 2023 without the presence of the Management. During each of these meetings, the AC reviewed the half year and full year financial statements prepared by the Management, including the notes to the financial statements. The attendance record of the AC during the financial year ended 31 December 2022 is set out on page 67 of this Annual Report.

## SIGNIFICANT RISKS AND JUDGEMENTS IN FINANCIAL REPORTING

In the review of the financial statements ended 31 December 2022, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters identified by the external auditors were reviewed by the AC and discussed with the Management and the external auditors:

| Key audit matters | How the AC reviewed these matters and what decisions were made |
|---|---|
| Recognition of construction revenue and costs and recoverability of contract assets | The AC considered the approach and assessed the reasonableness of the Management's estimates of costs to be incurred to complete the contract.<br><br>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2022. For more details, please refer to pages 108 to 109 of this Annual Report.<br><br>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 no provision for onerous contracts and expected credit losses are required to be provided for in the financial statements. |
| Valuation of investment properties | The AC considered the approach and assessed the reasonableness of the external valuers who have been engaged by the Management to determine the fair value of the Group's investment properties as at 31 December 2022.<br><br>The external auditors have included this item as a key audit matter in its audit report for the financial year ended 31 December 2022. For more details, please refer to page 110 of this Annual Report.<br><br>The AC was satisfied that the valuers' key assumptions are within a reasonable range and industry norms. |

# AUDIT COMMITTEE REPORT (CONT'D)

## INTERNAL CONTROLS

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

## EXTERNAL AUDIT

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

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

The AC has recommended to the Board that the re-appointment of CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) be proposed at the forthcoming Annual General Meeting in April 2023.

Dr Chen Seow Phun, John
Chairman of the Audit Committee

20 March 2023

# RISK ASSESSMENT AND MANAGEMENT

Risks are inherent in the operations of all business enterprises, and thus managing risks is a key aspect of business management. We actively monitor and manage our exposure to risks relating to our industry. We are committed to enhancing our risk management framework to provide reasonable assurance that risks are mitigated. We do this by proactively protecting the integrity of our financial reporting, integrating management control into our daily operations, and ensuring compliance with legal requirements.

Like many business enterprises, the Group faces various risks arising from economic, market, business, financial and political factors and developments. We believe in managing our risks holistically. As such, our management has established various risk management policies and procedures to manage and mitigate the risks arising from the normal course of daily operations. We review our risk management and mitigation plans on a regular basis to ensure that our organisation responds speedily and efficiently to any change in market conditions and activities.

We have identified the following 27 key risks that we face and explain below how we address them:

| No | Description of Risks | Our Risk Management |
|---|---|---|
| **Strategic Risks** | | |
| **1.** | **Dependence on the construction industry in Singapore** | |
| | We are exposed to cyclical fluctuations in the economy as the construction business depends mainly on the health of the infrastructure market in Singapore.<br><br>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 a negative 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 likely benefit from any pump priming by the Government.<br><br>However, the reverse is also true and any move by the Government to scale back on expenditure relating to road construction and maintenance could have an adverse impact on our business. We aim to diversify our earnings to mitigate against our dependence on Government spending in Singapore. |
| 2. | 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 vital that we are able to continuously win 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.<br><br>Should we fail to do so, our financial performance will be adversely affected. As we also face increasing competition in the tender process, we may be placed in a position where we need to lower our tender prices to secure projects, and this could affect our profit margins.<br><br>A majority of our projects are won through open tenders. There is a rise in the number of qualified competitors, including foreign companies entering the Singapore market for the civil engineering projects, thereby intensifying competition. If our competitors are more aggressive in pricing or respond faster to changes in market conditions than us, we may lose our tender bids or lower our profit margin to help us stay competitive. Thus, our financial performance and condition may be severely affected in the face of greater competition. | Price is often cited as a pivotal factor affecting the award of a contract although experience, reputation, availability, equipment and safety record are just as significant. We believe that our vast expertise and wide experience in road construction and maintenance will place us in a good position to bid competitively for both government and private sector projects.<br><br>We have a long operating history and a solid track record; and over the years, we have shown that we are able to deliver high quality, value-added services on time and within budget. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 3. | 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 tender at higher prices for more desirable land sites. They may therefore undertake more profitable and attractive property development projects.<br><br>There is no assurance that OKP's business and operations in property development will be sustainable in the long term.<br><br>We are also subject to various regulatory requirements and government policies in Singapore. To promote and maintain a stable property market, the Government monitors the property market and may introduce new policies, or amend or remove existing policies at any time. If the Government regulates the property market with stringent measures, our operations and financial performance may be negatively 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. | Civil engineering and construction remain our core business. Although we plan to grow the property development and investment business, it is not our main business. |
| 4. | Dependence on private sector clients and property developments for a portion of our revenue | |
| | Over the years, we have tapped on the private sector increasingly for projects to decrease our reliance on the public sector. We have also branched out into property development and investment.<br><br>Risks involved in property development include additional costs for the additional buyer's stamp duty, and financial penalties for not fulfilling qualifying certificate requirements whereby developers must complete construction within five years. | Our response to the dependence on private sector clients is to adopt a selective approach for potential clients – favouring those with good credit rating and financial stability – and to apply strict control procedures within a credit approval process.<br><br>In the case of property development, we need to be disciplined in managing our costs and marketing efforts. |
| 5. | General risk associated with doing business outside Singapore | |
| | We have in 2018 acquired our first overseas property, a freehold office complex in Perth, Australia. We are also exploring other opportunities to spread our reach overseas. There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, obstacles in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty, tariffs and other trade barriers, variable and unexpected changes in local laws and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and consequently, our business, results of operations and financial condition. | We are fully cognisant that there are risks inherent in business environments outside of Singapore. However, we have had operations outside of Singapore for many decades and we attempt to mitigate such risks as much as practically possible. Our senior management also monitors the regulatory environment of overseas operations closely and with the support of our legal advisor, we review all our agreements closely to ensure the Group is well-protected against risks such as defaults by clients, partners or subcontractors. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| Operational Risks | | |
| 6. | 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 establish succession plans for young leaders to eventually take over the helm.<br><br>The Group's management and leadership team is strong. Our experienced and dedicated 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.<br><br>Mr Or Kim Peow, who is the founder of OKP, has more than 63 years of experience in the infrastructure and civil engineering business. He is primarily responsible for overseeing the overall management and strategic development of our Group, including determining its strategies and ensuring effective succession planning for all important positions within our organisation.<br><br>Group Managing Director, Mr Or Toh Wat, who has more than 31 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 37 years' experience and Mr Oh Enc Nam has more than 44 years' experience in the construction industry. Mdm Ang Beng Tin has more than 48 years of experience in administration and human resources.<br><br>Our Group's expansion and success now and in the future will be dependent on our ability to retain the services of our executive team members and key management staff. If we lose any of their services without timely and suitable replacements; or if we are unable to attract and retain new key employees with relevant qualifications and experience; our business, financial condition, operational results and prospects will be negatively affected.<br><br>Moreover, 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 our company. If we need to raise staff compensation to attract and retain our existing key staff or recruit any extra employees, 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, 45 years old, has gained much experience and knowledge since joining us in 2003. He is currently responsible for business development and corporate communications.<br><br>The management is preparing a list of potential successors and assessing them against a checklist of leadership attributes. Plans are being implemented to develop these candidates through training and development.<br><br>In addition, we are mindful of providing competitive remuneration and good staff welfare and benefits. |
| 7. | 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 immensely on government policies and the general economic health of the host countries.<br><br>In Singapore, the supply of foreign workers is subject to the policies of 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 impact the supply of foreign labour and raise hiring costs, causing unnecessary disruptions to our operations, and resulting in unwanted delays in the completion of projects. Increases in foreign workers' levies would also affect us and may increase our costs. | Although we do face constraints in recruiting foreign labour currently, we make every effort to retain those who are currently with us. We invest in developing their skills through periodic training and upgrading, through which we can also improve our productivity. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 8. | 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 recruiting people with these competencies, our revenue and profitability may be severely affected. This problem may be more acute during times when the labour market is tight. | We continually review our recruiting and compensation policies to ensure fair remuneration packages are given to retain skilled employees and draw new recruits. |
| 9. | 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. If there are disproportionate warranty claims for rectification and repair works, our financial performance would be negatively affected. | With our consistent focus on quality and workmanship, we have not experienced material warranty claims for the past five financial years. |
| 10. | 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. The reasons for delays include unfavourable weather situation, shortage of construction materials, labour disputes, breakdown of equipment and machinery, and insufficient deployment of resources. In addition, government directives for the temporary stoppage of work may also cause project delays.<br><br>If the completion of our projects is delayed, particularly where the delay is due to our failure, we may be liable to pay liquidated damages under the contract, and face further claims from our customers for damages, thus incurring extra costs. If this happens, there will be a negative 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 set up a competent team of project managers to monitor the projects closely to enable the smooth progress of the projects and ensure that they are completed on time and within budget. |
| 11. | Subcontracting risks | |
| | We depend on subcontractors to provide services for our projects, including piling, asphalt works, painting, thermoplastic markings, metalworks and traffic signage, landscaping and sewer works. These subcontractors are selected based on their competitiveness in terms of pricing, our working experience with them and their past performance. We cannot assume that the services rendered by these subcontractors will continue to be satisfactory or that they will always meet our requirements for quality.<br><br>In the event of any loss or damage arising from the default of our subcontractors, we as the main contractor will be liable for our subcontractors' default. Moreover, these subcontractors may experience financial or other difficulties that may affect their ability to carry out the work for which they were contracted, thus delaying the completion of or failing to complete our projects or resulting in additional costs for us. Any of these factors would have a material adverse effect on our business, financial condition and operating results. | We identify good and reliable subcontractors and minimise risks through checks and referrals. We also make it a point to use reliable subcontractors, especially those with whom we have worked efficiently in earlier projects. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 12. | 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, even though we had exercised reasonable degree of skill and care as the main contractor, we may still be liable to the customer under the contract for such failures.<br><br>As at 31 December 2022, 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 judgement or an arbitration award against us for claims on the grounds of design defects, such claims may negatively impact our financial performance and financial condition. | We make it a priority to work with reputable and reliable architects and engineers, especially those whom we have worked with for a long time or have been referred to us. |
| 13. | Accidents at our construction sites | |
| | Even though we emphasise and have put in place safety measures, accidents may still occur at our projects' construction sites due to the nature of our business. Such mishaps may severely disrupt our operations at the construction sites, and thus lead to a delay in the completion of a project, resulting in liquidated damages under the contract with our customers.<br><br>Such mishaps may also subject us to claims from workers or other persons involved in such accidents 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 monitors closely the construction sites to make sure that employees comply with all safety standards. |
| 14. | 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 subcontractors to carry out these additional works even though our customers may not have paid us. There may be delays in the finalisation of the value of the additional works and certification of the completed works by our customers. This may negatively 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 documented to avoid disputes. |
| 15. | 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 win new projects of similar or higher value and volume. There is no assurance that we will be able to do so. If we are not able to secure such new projects on favourable terms and conditions, our financial performance will be adversely affected. In addition, the scope of work in a project will affect our profit margin and our financial performance. If we are to subcontract a material portion of the project work to a third-party subcontractor, our profit margin from such project may decrease.<br><br>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 win replacement projects on a timely basis, the idle or excess capacity may negatively affect our business and financial conditions. | We have a team of experienced project directors, project managers and quantity surveyors who focus on 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 |
|---|---|---|
| 16. | 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, undertake construction projects through forming 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 that we are well-protected against risks such as defaults by joint venture partners. |
| 17. | Cyber security and personal data protection risks | |
| | The Group is vulnerable to a wide range of risks, which are linked to its IT system, including interruptions to its network and loss of confidential data.<br><br>With rising global incidences of cyber-attacks on many companies' servers and websites, it is mandatory to reinforce and strengthen the security of OKP's IT systems and prevent any hacking, violation or loss of confidential business data or personal data of employees.<br><br>Our operations may be interrupted by cyber-attacks and any cyber theft of confidential and sensitive data could lead to litigation, financial losses, and reputation damage. | We have assessed our cybersecurity vulnerabilities and data protection impact to minimise risks.<br><br>We also ensure that we have adequate security measures in place and have reinforced the required IT controls and governance practices internally. These procedures include reinforcement of network security such as applying security patches to the system and encrypting workstations, and safeguards against loss of information. Measures are put in place to enable our business operations to speedily recover from any IT crisis or loss of data.<br><br>We also provide regular training to heighten awareness of IT threats and data loss to our employees. We have emphasised to our staff to minimise the personal data being collected and not keep data longer than required. |
| Financial Risks | | |
| 18. | 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, in Singapore and overseas. In addition, changes in government policies or regulations in respect of the construction industry or construction materials may also result in price movements.<br><br>Should there be a significant rise in the prices of construction materials or should we fail to secure the requisite supply of construction materials at reasonable price levels, OKP's business and profitability will be affected. | We are constantly 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 during the project. These measures help to limit our exposure in the event of price fluctuations. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 19. | 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 project, which we undertake within the stipulated timeframes, we could be held liable for liquidated damages. If this occurs, compensation may have to be paid to our customers.<br><br>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. If 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 make every effort to ensure that all projects are competently managed to the highest standards. One of our approaches is to provide our staff with regular and relevant training. |
| 20. | Exposure to cost overruns | |
| | Controlling costs is a major 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:<br>(i) When incorrect estimations of costs are made during the tender stage;<br>(ii) When unforeseen circumstances such as adverse ground conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite, arise during the construction period; and/ or<br>(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 mitigated as far as possible. We believe that our team has the right project management expertise to manage the costs related to each project effectively. |
| 21. | Financial risks | |
| | Our Group's activities expose us to a variety of financial risks, including currency risk, interest risk, credit risk, and liquidity risks. In relation to currency risk, we are exposed to foreign exchange risk and currency translation risk on the assets in foreign operations. In relation to interest risk, OKP is subject to cash flow and fair value interest rate risks. In the case of credit risk, there is a risk that a counter party may default on its contractual obligations, resulting in financial loss to the Group.<br><br>Regarding liquidity risk, OKP is exposed to the risk of not having sufficient cash or cash equivalents, or not having sufficient amount of committed credit facilities. | More details on how we manage these risks are found on pages 172 to 183 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. |
| 22. | 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 halt in our operations at the construction sites.<br><br>We have put in place various insurance policies including workmen compensation insurance, insurance relating to group hospitalisation and surgical insurance, insurance relating to all risks affecting machinery and equipment, fire insurance, motor vehicle insurance, and contractor's all-risks insurance. If such loss or damage exceeds the insurance coverage or is not covered by the insurance policies which we have taken up, we may still be liable to cover the shortfall in the amounts being claimed. Such a situation may adversely impact our financial performance. | We review our insurance policies and coverage on a regular basis to ensure that all reasonably foreseeable losses or damages are covered. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 23. | Performance bond guarantee | |
| | Our ability to win new projects may depend on us being able to secure performance bond guarantees and other bank facilities.<br><br>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.<br><br>If we default in our contractual obligations, the project owner would be entitled to call on the performance bond and our liquidity and financial position may be adversely affected as a result.<br><br>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 backing from our banks so that they will provide sufficient bankers' guarantees to support newly awarded projects. |
| Compliance Risks | | |
| 24. | Impact from changes to applicable government policies | |
| | Our services relate mainly to building safety and design standards in connection with the construction of infrastructure projects such as roads and expressways. Any change to the laws, regulations and policies affecting the construction industry, including the infrastructure market in Singapore, may affect our business and operations.<br><br>As we operate in Singapore, we are subject to the laws and regulations of the land including environmental regulations. Any change in government regulations during a project, for example, increasing controls over worksite safety and building standards could result in OKP incurring additional costs to comply with the new regulations.<br><br>In addition, any changes in government regulations or policies of those countries where our suppliers are located may affect the supply of construction materials and cause disruptions to the Group's operations.<br><br>The Group's operations are subject to various environmental laws in Singapore, which relate primarily to the storage, discharge, handling, emission, general use and disposal of solid and hazardous waste and other toxic materials used during construction.<br><br>In the case of violation of environmental regulatory requirements, OKP may incur fines, and face stop-work orders at our affected worksites. These actions may adversely impact the Group's business. All these actions could have an adverse effect on our project costs, financial performance and business. | To mitigate these risks, we would send our project staff regularly for training to keep them abreast of 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.<br><br>We will maintain and comply with the various permits, authorisations and approvals required by various government agencies to make sure we run our operations efficiently. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 25. | 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).<br><br>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.<br><br>Both our wholly-owned subsidiaries, Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd, are A1 grade civil engineering contractors, making them eligible for tenders of unlimited values.<br><br>If we are unable to maintain our BCA grading status, the Group would not be able to bid for public projects of the stipulated contract values on the CRS. This could have a negative 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 strengthen our financial management where necessary. |
| 26. | Safety and environmental hazards | |
| | Safety is paramount for all our projects, and this is especially critical in worksites due to the nature of the operating environment. Our safety and environmental controls and guidelines adhere strictly to the standards, laws and regulations dictated by clients as well as the regulatory authorities. Our safety and environmental policies are based mainly on identifying and implementing safe and environmental-friendly practices at all worksites, for our own as well as subcontractors' workers. We conduct regular health, safety and environmental awareness workshops to inculcate a safety and green culture for people at all levels, including new hires, particularly in the first six months of employment.<br><br>Workers are also at risk with disease outbreaks such as Covid-19 and its variants. If some workers are infected, and must be quarantined for 14 days, worksite operations will be affected.<br><br>We may be liable for fines, penalties and civil claims if we breach workplace safety, environmental standards, regulatory requirements or common law duty, and as a result, 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 and green procedures. Fire safety drills are carried out at least twice a year to ensure that our fire safety staff are prepared at all times and if industrial accidents happen.<br><br>Measures put in place for disease outbreaks include adhering to safe management measures, ensuring all employees undergo vaccination and are rostered for routine testing every 14 days, and implementing effective contact tracing at every project site. Temperature checks, quarantine, and a sickness surveillance process to identify and manage sick workers are also established.<br><br>We are committed to maintaining our high quality standards, increasing productivity, and improving workplace safety at all times. |

# RISK ASSESSMENT AND MANAGEMENT (CONT'D)

| No | Description of Risks | Our Risk Management |
|---|---|---|
| 27. | Climate Change and Environmental Risk | |
| | Climate change and environmental risk are becoming an increasing concern. The recent wave of natural catastrophes and extreme weather conditions, and the continuing future threats of such incidents, may disrupt the Group's construction activities. These include delays in construction progress, and thus our operations and financial performance may be adversely affected. | We have identified and divided climate-related risks into two major categories namely (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change.<br><br>We have also made efforts to mitigate and adapt to climate change into 5 areas of opportunities through resource efficiency, energy source, products and services, markets, and resilience.<br><br>We continuously improve efficiency in the method of construction.<br><br>We shift some energy generators to lower emission alternatives<br><br>The Group used recycled construction materials that have improved our competitive position<br><br>We will continue to focus on operational efficiencies to better manage margins.<br><br>We will embrace technology and innovation, enhance and upscale our workforce, as well as boost the implementation of equipment and tools to scale down on the reliance on manpower. |

# CONTENTS



# DIRECTORS' STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the balance sheet of the Company as at 31 December 2022.

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 113 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 2022 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 objects were, or one of whose objects 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 other than as disclosed under "Share award/options" in this statement.

### 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 31.12.2022** | **As at 1.1.2022** | **As at 21.1.2023** | **As at 31.12.2022** | **As at 1.1.2022** | **As at 21.1.2023** |
| **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' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 31.12.2022 | As at 1.1.2022 | As at 21.1.2023 | As at 31.12.2022 | As at 1.1.2022 | As at 21.1.2023 |
| **Immediate and Ultimate Holding Corporation – Or Kim Peow Investments Pte. Ltd.** | | | | | | |
| No. of ordinary shares | | | | | | |
| Or Kim Peow | 97,091 | 97,091 | 97,091 | – | – | – |
| Or Toh Wat | 58,255 | 58,255 | 58,255 | – | – | – |
| Ang Beng Tin | 60,272 | 60,272 | 60,272 | – | – | – |
| Or Kiam Meng | 58,255 | 58,255 | 58,255 | – | – | – |
| Oh Enc Nam | 21,436 | 21,436 | 21,436 | – | – | – |
| Or Lay Huat Daniel | 58,255 | 58,255 | 58,255 | – | – | – |

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Or Kim Peow is deemed to have interests in the whole of the shares of all the Company's subsidiary corporations.

## SHARE AWARD/OPTIONS

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the award of fully paid shares ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of shares which may be delivered pursuant to Awards granted, when added to the number of shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling shareholders and their associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of shares that are available to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSS and the number of shares that are available to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no Awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

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 or its subsidiary corporations under option.

# DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## AUDIT COMMITTEE

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

Chen Seow Phun, John (Chairman)
Nirumalan s/o V Kanapathi Pillai
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 of Directors ("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 1967 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 report on significant risk areas and any recommendations on internal accounting controls arising from the statutory audit 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 independent auditor may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval and ensure the integrity of the financial statements;
- To review the cooperation given by the Management to the independent auditor;
- 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 provides 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 to the Singapore Exchange Securities Trading Limited ("SGX-ST");
- To review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To oversee and monitor whistleblowing;
- To review the assurance from the Group Managing Director and the Group Financial Controller on the financial records and financial statements;
- 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 two times during the financial year ended 31 December 2022 and once without the presence of the Management together with the internal auditor in February 2023. 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 SGX-ST 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.

# DIRECTORS' STATEMENT (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## AUDIT COMMITTEE (CONT'D)

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 CLA Global TS Public Accounting Corporation (formerly 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, CLA Global TS Public Accounting Corporation (formerly 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

20 March 2023

# 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 2022, 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 113 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 Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2022 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 financial 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) Recognition of construction revenue and costs and recoverability of contract assets**
[Refer to Notes 2.18(i), 3(iv), 6 and 23]

For the financial year ended 31 December 2022, revenue recognised from construction and maintenance segments in accordance with SFRS (I) 15 – Revenue from Contracts with Customers, amounted to approximately $81,920,363 and $29,455,561 respectively. At contract inception, the Group assesses whether the contract relates to construction and maintenance work under the control of the customer and therefore creates or enhances an asset under the customer's control. For these contracts, revenue is recognised progressively over time with reference to the Group's progress towards completing the construction and maintenance contracts. The measurement of the contract progress is determined based on the percentage of the survey of work certified by the customers. In addition, contract revenues also include certain claims on contract modifications.

In the event when the Group has an onerous contract, under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received, provision for onerous contract would be recognised as an expense immediately. This provision for onerous contract can include, amongst other things, cost overruns which require further negotiation and settlements resulting in the adjustments of costs.

As at 31 December 2022, the contract assets of the Group relating to the construction and maintenance segments amounted to approximately $23,978,780 which accounted for 12% of the Group's total assets.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

***Key Audit Matters (cont'd)***

**(1) Recognition of construction revenue and costs and recoverability of contract assets (cont'd)**
[Refer to Notes 2.18(i), 3(iv), 6 and 23]

We focused this as a key audit matter as significant management assumptions, judgements and estimates are required in:

- Determining the percentage of the survey of work performed;
- Determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs;
- Determining the likelihood of the approvals of the contract modifications by the customers and the final approved amounts; and
- Determining the expected credit losses that require significant judgement and estimates to assess whether the contract assets are credit-impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers.

*How our audit addressed this key audit matter*

In obtaining sufficient audit evidence, we have performed the following procedures:

- Reviewed and discussed with management on the Group's revenue recognition policies, including those related to accounting for variable considerations and contract modifications;
- Reviewed new contracts obtained during the financial year and agreed on the amounts to customer contracts and contract modifications;
- Understood, evaluated and tested key controls over recognition of revenue and contract costs;
- In relation to contract costs, we:
    - Ensured that the contract costs are expensed when incurred except for costs that qualify as assets under other accounting standards, incremental costs to obtain the contracts and costs to fulfil a contract;
    - Verified the material costs incurred to relevant suppliers' invoices and progress claims and reviewed the accrued cost; and
    - Ensured appropriateness of capitalised contract costs and its subsequent measurement.
- Analysed the actual progress of the contract vis-à-vis the contractually agreed timeline set out in the customer contracts to identify any major delays and/or cost overruns which might result in onerous loss-making contracts;
- Reviewed and discussed with management on its assessment and provisioning policy on expected credit losses of contract assets; and
- Considered the appropriateness of the estimates and judgements used by management in the assessment of expected credit losses of contract assets.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

***Key Audit Matters (cont'd)***

**(2) Valuation of investment properties**
[Refer to Notes 2.6 and 11]

As at 31 December 2022, the carrying value of the Group's investment properties amounted to approximately $78,504,796 which accounted for 38% of the Group's total assets.

For the investment property in Australia, the external independent professional valuers ("valuers") used the capitalisation method whilst for the investment properties in Singapore, the valuers used the direct comparison method to determine the fair values of the investment properties.

The investment properties which are located in Australia and Singapore, are measured at fair values.

We focused this as a key audit matter as the determination of the fair values of the investment properties are highly dependent on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates, terminal capitalisation rates and market prices of comparable properties adjusted for differences in key attributes such as property size, tenure and type) used by the valuers. These assumptions and estimates were based on local market conditions existing as at the balance sheet date.

*How our audit addressed this key audit matter*

In obtaining sufficient audit evidence, we have performed the following procedures:

- Assessed the Group's processes for the selection of valuers, the determination of the scope of work, and the review and acceptance of the valuations reported by the valuers;
- Evaluated the qualifications and competence of the valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- Obtained and reviewed the valuation reports from the valuers, together with our internal valuation specialists, to evaluate the appropriateness of valuation methodologies and significant underlying assumptions used in the valuations, tested the integrity of information including underlying lease and financial information provided to the valuers and compared the discount rates and terminal capitalisation rates used against those used for similar properties; and
- Considered the adequacy of the disclosures 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.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

## TO THE MEMBERS OF OKP HOLDINGS LIMITED

***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 SFRS(I)s, 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.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF OKP HOLDINGS LIMITED

***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

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 financial 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.

## 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 director on the audit resulting in this independent auditor's report is Teh Yeu Horng.

**CLA Global TS Public Accounting Corporation**
**(formerly Nexia TS Public Accounting Corporation)**
***Public Accountants and Chartered Accountants***

Singapore

20 March 2023

# BALANCE SHEETS
## AS AT 31 DECEMBER 2022

| | Note | Group 2022 | Group 2021 | Company 2022 | Company 2021 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | 25,969,979 | 51,030,783 | 1,460,711 | 3,512,545 |
| Trade and other receivables | 5 | 17,935,183 | 8,022,723 | 17,789,356 | 19,549,658 |
| Contract assets | 6(b) | 23,978,780 | 15,583,990 | – | – |
| Inventories | 7 | 1,591,584 | 1,687,339 | – | – |
| | | 69,475,526 | 76,324,835 | 19,250,067 | 23,062,203 |
| **Non-current assets** | | | | | |
| Investments in subsidiary corporations | 8 | – | – | 19,534,144 | 19,218,773 |
| Investments in joint ventures | 9 | 45,037 | 32,020 | – | – |
| Investments in associated companies | 10 | 1,520,768 | 915,536 | – | – |
| Investment properties | 11 | 78,504,796 | 78,486,763 | – | – |
| Other receivables | 12 | 13,490,357 | 11,775,080 | 1,189,299 | – |
| Property, plant and equipment | 13 | 37,489,483 | 33,581,226 | 12,977,201 | 13,079,711 |
| Intangible assets | 15 | 1,706,051 | 1,724,539 | 6,959 | 11,599 |
| Other investments at amortised cost | 16 | 2,004,910 | – | – | – |
| Deferred income tax assets | 19 | 664,350 | 293,675 | – | – |
| | | 135,425,752 | 126,808,839 | 33,707,603 | 32,310,083 |
| **Total assets** | | 204,901,278 | 203,133,674 | 52,957,670 | 55,372,286 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 28,076,322 | 20,729,433 | 2,855,261 | 2,941,210 |
| Borrowings | 18 | 15,831,283 | 16,020,696 | 3,450,000 | 4,050,000 |
| Current income tax liabilities | 29(b) | 266,204 | 570,691 | 73,368 | 60,168 |
| | | 44,173,809 | 37,320,820 | 6,378,629 | 7,051,378 |
| **Non-current liabilities** | | | | | |
| Trade and other payables | 17 | 15,067,998 | 15,274,751 | – | – |
| Borrowings | 18 | 20,879,759 | 24,402,905 | – | – |
| Deferred income tax liabilities | 19 | 1,065,262 | 863,372 | 6,918 | 9,556 |
| | | 37,013,019 | 40,541,028 | 6,918 | 9,556 |
| **Total liabilities** | | 81,186,828 | 77,861,848 | 6,385,547 | 7,060,934 |
| **NET ASSETS** | | 123,714,450 | 125,271,826 | 46,572,123 | 48,311,352 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 20 | 36,832,301 | 36,832,301 | 36,832,301 | 36,832,301 |
| Treasury shares | 20 | (234,974) | (234,974) | (234,974) | (234,974) |
| Other reserves | 21 | 3,659,659 | 3,441,942 | – | – |
| Retained profits | 22 | 78,501,849 | 81,669,216 | 9,974,796 | 11,714,025 |
| | | 118,758,835 | 121,708,485 | 46,572,123 | 48,311,352 |
| Non-controlling interests | 8 | 4,955,615 | 3,563,341 | – | – |
| **Total equity** | | 123,714,450 | 125,271,826 | 46,572,123 | 48,311,352 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Group 2022 $ | Group 2021 $ |
|---|---|---|---|
| Revenue | 23 | 117,645,800 | 90,034,783 |
| Cost of sales | 24 | (106,828,217) | (83,241,349) |
| Gross profit | | 10,817,583 | 6,793,434 |
| Other gains, net | | | |
| – Impairment loss on other receivables | 33(ii) | (500,000) | – |
| – Others | 25 | 3,469,743 | 7,739,622 |
| Expenses | | | |
| – Administrative | | (12,393,887) | (9,297,656) |
| – Finance | 28 | (1,568,868) | (1,138,130) |
| Share of profit of associated companies and joint ventures | 9,10 | 715,035 | 350,862 |
| Profit before income tax | | 539,606 | 4,448,132 |
| Income tax expense | 29(a) | (375,145) | (213,389) |
| **Net profit** | | 164,461 | 4,234,743 |
| **Other comprehensive income/(loss), net of tax:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – Currency translation differences arising from consolidation | 21(b)(ii) | 426,894 | (400,299) |
| **Total comprehensive income** | | 591,355 | 3,834,444 |
| **(Loss)/profit attributable to:** | | | |
| Equity holders of the company | | (1,018,636) | 1,514,867 |
| Non-controlling interests | | 1,183,097 | 2,719,876 |
| | | 164,461 | 4,234,743 |
| **Total comprehensive (loss)/income attributable to:** | | | |
| Equity holders of the company | | (800,919) | 1,310,714 |
| Non-controlling interests | | 1,392,274 | 2,523,730 |
| | | 591,355 | 3,834,444 |
| **(Loss)/earnings per share attributable to equity holders of the Company (cents per share)** | | | |
| – Basic | 30 | (0.33) | 0.49 |
| – Diluted | 30 | (0.33) | 0.49 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | Share capital $ | Treasury shares $ | Other reserves $ | Retained profits $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Company → | | | | | | |
| **2022** | | | | | | | | |
| **Beginning of financial year** | | 36,832,301 | (234,974) | 3,441,942 | 81,669,216 | 121,708,485 | 3,563,341 | 125,271,826 |
| Profit for the financial year | | – | – | – | (1,018,636) | (1,018,636) | 1,183,097 | 164,461 |
| Other comprehensive income for the financial year | | – | – | 217,717 | – | 217,717 | 209,177 | 426,894 |
| Total comprehensive income for the financial year | | – | – | 217,717 | (1,018,636) | (800,919) | 1,392,274 | 591,355 |
| Dividends | 31 | – | – | – | (2,148,731) | (2,148,731) | – | (2,148,731) |
| **End of financial year** | | 36,832,301 | (234,974) | 3,659,659 | 78,501,849 | 118,758,835 | 4,955,615 | 123,714,450 |

| | Note | Share capital $ | Treasury shares $ | Other reserves $ | Retained profits $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Company → | | | | | | |
| **2021** | | | | | | | | |
| **Beginning of financial year** | | 36,832,301 | (234,974) | 3,243,331 | 82,303,100 | 122,143,758 | 1,039,611 | 123,183,369 |
| Profit for the financial year | | – | – | – | 1,514,867 | 1,514,867 | 2,719,876 | 4,234,743 |
| Other comprehensive income for the financial year | | – | – | (204,153) | – | (204,153) | (196,146) | (400,299) |
| Total comprehensive income for the financial year | | – | – | (204,153) | 1,514,867 | 1,310,714 | 2,523,730 | 3,834,444 |
| Fair value adjustment on interest-free loan | 21(b)(iii) | – | – | 402,764 | – | 402,764 | – | 402,764 |
| Dividends | 31 | – | – | – | (2,148,751) | (2,148,751) | – | (2,148,751) |
| End of financial year | | 36,832,301 | (234,974) | 3,441,942 | 81,669,216 | 121,708,485 | 3,563,341 | 125,271,826 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit | | 164,461 | 4,234,743 |
| Adjustments for: | | | |
| – Income tax expense | 29(a) | 375,145 | 213,389 |
| – Depreciation of property, plant and equipment | 26 | 4,628,203 | 4,277,513 |
| – Amortisation of intangible assets | 26 | 18,488 | 26,487 |
| – Net fair value gain on investment properties | 25 | (2,249,361) | (4,371,481) |
| – Net gain on disposal of property, plant and equipment | 25 | (45,414) | (89,552) |
| – Gain on lease modification | 25 | (3,368) | – |
| – Property, plant and equipment written off | 25 | – | 15,054 |
| – Impairment loss on other receivables | 33(ii) | 500,000 | – |
| – Currency exchange losses | | 956,446 | 974,619 |
| – Share of profit of associated companies and joint ventures | 9,10 | (715,035) | (350,862) |
| – Interest income – bank deposits | 25 | (215,744) | (135,660) |
| – Interest income – other investments at amortised cost | 25 | (21,956) | – |
| – Interest expense | 28 | 1,568,868 | 1,138,130 |
| **Operating cash flow before working capital changes** | | 4,960,733 | 5,932,380 |
| | | | |
| Change in working capital: | | | |
| – Inventories | | 95,755 | (1,687,339) |
| – Trade and other receivables | | (9,912,460) | 1,706,412 |
| – Contract assets | | (8,394,790) | (1,345,123) |
| – Contract liabilities | | – | (8,933,714) |
| – Trade and other payables | | 7,346,889 | 549,385 |
| – Provisions | | – | (1,400,000) |
| **Cash used in operations** | | (5,903,873) | (5,177,999) |
| – Interest received | | 215,744 | 135,660 |
| – Income tax paid | 29(b) | (868,485) | (949,535) |
| **Net cash used in operating activities** | | (6,556,614) | (5,991,874) |
| | | | |
| **Cash flows from investing activities** | | | |
| – Additions to property, plant and equipment | | (5,741,470) | (3,421,092) |
| – Additions to investment properties | | – | (24,403,015) |
| – Capital reduction in joint ventures | | 6,509 | – |
| – Purchases of other investments at amortised cost | | (2,000,000) | – |
| – Proceeds from disposal of property, plant and equipment | | 150,135 | 197,318 |
| – Advances to associated companies | | (2,125,000) | (3,000,000) |
| – Interest received | | 17,047 | – |
| **Net cash used in investing activities** | | (9,692,779) | (30,626,789) |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| Cash flows from financing activities | | | |
| – Principal payment of lease liabilities | | (1,624,931) | (2,469,165) |
| – Advance from a non-controlling interest | | 98,000 | 5,684,000 |
| – Proceeds from borrowings | | – | 11,700,000 |
| – Repayment of borrowings | | (3,860,929) | (3,430,714) |
| – Interest paid | | (1,128,722) | (695,977) |
| – Dividends paid to equity holders of the Company | 31 | (2,148,731) | (2,148,751) |
| – Bank deposits pledged | | 20,127 | (56,615) |
| **Net cash (used in)/provided by financing activities** | | (8,645,186) | 8,582,778 |
| | | | |
| **Net decrease in cash and cash equivalents** | | (24,894,579) | (28,035,885) |
| | | | |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | | 45,835,274 | 73,958,364 |
| Effects of currency translation on cash and cash equivalents | | (146,098) | (87,205) |
| **End of financial year** | 4 | 20,794,597 | 45,835,274 |

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 were authorised for issue in accordance with a resolution of the Board of Directors of OKP Holdings Limited on 20 March 2023.

## 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 8 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 the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) 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 to the financial statements.

### *2.2 Interpretations and amendments to published standards effective in 2022*

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### *2.3 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 to direct the activities of 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.3 Group accounting (cont'd)*

#### *(i) Subsidiary corporations (cont'd)*

##### *(a) Consolidation (cont'd)*

In preparing the consolidated financial statements, transactions and 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.3 Group accounting (cont'd)*

#### *(i) Subsidiary corporations (cont'd)*

##### *(c) Disposals*

When a change in the Group's ownership interest in a subsidiary corporation result 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.

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 joint 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.3 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. Interest in associated companies and joint ventures include any long-term loans for which settlement is never planned nor likely to occur in the foreseeable losses.

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.

### *2.4 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. Cost also includes borrowing costs.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.4 Property, plant and equipment*

#### *(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** |
|---|---|
| Building | 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 |
| Renovation | 5 years |
| Signboard | 10 years |

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

#### *(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. Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

### *2.5 Intangible assets*

#### *(i) Goodwill*

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.5 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.

### *2.6 Investment properties*

Investment properties include freehold and leasehold 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.

### *2.7 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.

### *2.8 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.8 Impairment of non-financial assets (cont'd)*

#### *(i) Goodwill (cont'd)*

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*
#### *Right-of-use assets*
#### *Investments in subsidiary corporations, joint ventures and associated companies*

Intangible assets, property, plant and equipment, right-of-use assets 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.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. 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.

### *2.9 Financial assets*

#### *(i) Classification and measurement*

The Group classifies its financial assets in the following measurement categories, where applicable:

– Amortised cost;
– Fair value through other comprehensive income ("FVOCI"); and
– Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.9 Financial assets (cont'd)*

#### *(i) Classification and measurement (cont'd)*

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

*(a) Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains/(losses)". Interest income from these financial assets is recognised using the effective interest rate method and presented in "Other gains/(losses)".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses)".

*(b) Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses)". Dividends from equity investments are recognised in profit or loss as "Dividend income".

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.9 Financial assets (cont'd)*

#### *(ii) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The credit risk note details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### *(iii) 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 debt instrument, 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.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### *2.10 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.

### *2.11 Financial guarantees*

The Company has issued corporate guarantees to banks for bank borrowings 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. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(i) Amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(ii) The amount of expected loss computed using the impairment methodology under SFRS(I) 9.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.12 Borrowings*

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### *2.13 Borrowing costs*

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction. This includes those costs on borrowings acquired specifically for the construction, as well as those in relation to general borrowings used to finance the construction.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction that are financed by general borrowings.

### *2.14 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.

### *2.15 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.

### *2.16 Leases*

#### *(i) When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.16 Leases (cont'd)*

#### *(i) When the Group is the lessee (cont'd)*

**(a) Right-of-use assets**

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

**(b) Lease liabilities**

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.16 Leases (cont'd)*

#### *(i) When the Group is the lessee (cont'd)*

##### *(c) Short term and low value leases*

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

##### *(d) Variable lease payments*

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 14.

#### *(ii) When the Group is the lessor*

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

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in 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 assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### *2.17 Inventories*

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost comprises raw materials and net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

### *2.18 Revenue recognition*

#### *(i) Revenue from construction and maintenance contracts*

The road and building construction and maintenance for customers are through fixed-price contracts. Revenue is recognised when the control has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the asset construction over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The construction asset has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the asset. The measure of progress is determined based on surveys of work performed. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.18 Revenue recognition (cont'd)*

#### *(i) Revenue from construction and maintenance contracts (cont'd)*

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment term is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

#### *(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 investment properties (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### *(iv) Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

#### *(v) Sale of materials*

Revenue from sale of materials is recognised at the point in time when control of the asset is transferred to the customers, typically on delivery.

#### *(vi) Administrative income*

Revenue from administrative income is recognised over time when services have been performed and rendered.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.19 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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 investment tax credits (for example, productivity and innovation 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.

### *2.20 Provisions*

Provisions for legal claims 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. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as “Finance expense”.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.20 Provisions (cont'd)*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

### *2.21 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.

**(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.

### *2.22 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 exchange 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. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.22 Currency translation (cont'd)*

#### *(ii) Transactions and balances (cont'd)*

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses)".

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

#### *(iii) Translation of Group entities' financial statements*

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

(a) assets and liabilities are translated at the closing exchange rates at the reporting date;

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

(c) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### *2.23 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.

### *2.24 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.

### *2.25 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. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.26 Share capital and treasury shares*

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### *2.27 Dividends to Company's shareholders*

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

### *2.28 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.

Government grants relating to assets are deducted against the carrying amount of the assets.

## 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. Significant judgements are used to estimate the gross margin, growth rates and the pre-tax discount rates applied in computing the recoverable amounts of each of the CGUs. In making these estimates, management has relied on past performance, its expectations of economic outlook and industry outlook in Singapore. Specific estimates are disclosed in Note 15(a) to the financial statements.

For goodwill attributable to construction segment and maintenance segment, the change in the estimated recoverable amount from any reasonably possible change in the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

### *(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 2022 were $37,489,483 (2021: $33,581,226) as disclosed in Note 13 to the financial statements. 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 $169,197 (2021: $487,281).

### *(iii) Impairment of property, plant and equipment*

For the financial year ended 31 December 2022, the carrying amounts of property, plant and equipment were $37,489,483 (2021: $33,581,226) as disclosed in Note 13 to the financial statements. Property, plant and equipment mainly consist of land and building, plant and machinery, motor vehicles and right-of-use assets. Management has assessed that there were no objective evidence or indication that the carrying amounts of the Group's property, plant and equipment may not be recoverable as at the balance sheet date, accordingly impairment assessment is not required.

### *(iv) Construction contracts*

The Group recognises revenue from construction contracts over time by reference to the Group's progress towards completion to the construction. The measurement of progress is determined based on surveys of work performed ("output method"). The recognition of construction revenue and costs requires significant management assumptions, judgements and estimates in determining the percentage of the survey of work performed and determining the total contract costs to complete, which were used to determine the provision for onerous contracts and when it is probable that the total contract costs would exceed the total contract revenue and remaining costs. In addition, significant judgements and estimates are required to determine the likelihood of the approvals of the contract modifications by the customers and the final approved amounts.

Management has assessed and of the view that there is no provision for onerous contracts required as at balance sheet date.

Management has also assessed the recoverability of the Group's contract assets (Note 6(b)) and is of the view that there is no allowance for expected credit loss required as at 31 December 2022.

### *(v) Impairment of other receivables – loan to associated companies*

For the financial year ended 31 December 2022, the gross amounts of loan to associated companies were $14,572,499 (2021: $12,447,499) as disclosed in Note 12 to the financial statements. The Group measures expected credit loss ("ECL") using general approach. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of the loan to associated companies has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

### *(v) Impairment of other receivables – loan to associated companies (cont'd)*

When determining whether the credit risk of the loan to associated companies has increased significantly since initial recognition and when estimating ECL, the Group considered reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

The assessment of the correlation between historical observed default rates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of the receivables' actual default in the future.

The information about the ECL on the Group's other receivables is disclosed in Note 33(ii) to the financial statements.

## 4 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$** | **$** | **$** | **$** |
| Cash at bank and on hand | 9,373,834 | 15,968,694 | 750,003 | 2,801,176 |
| Short-term bank deposits | 16,596,145 | 35,062,089 | 710,708 | 711,369 |
| | 25,969,979 | 51,030,783 | 1,460,711 | 3,512,545 |

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Cash and cash equivalents (as above) | 25,969,979 | 51,030,783 |
| Less: Bank deposits pledged | (5,175,382) | (5,195,509) |
| Cash and cash equivalents per consolidated statement of cash flows | 20,794,597 | 45,835,274 |

Short-term bank deposits of $5,175,382 (2021: $5,195,509) are pledged to banks for banking facilities of certain subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 5 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Trade receivables | | | | |
| – Non-related parties | 12,826,992 | 3,277,355 | – | – |
| – Subsidiary corporations | – | – | 6,432,947 | 8,191,680 |
| – Joint ventures | – | 404,818 | – | – |
| | 12,826,992 | 3,682,173 | 6,432,947 | 8,191,680 |
| Retention sums | 154,028 | 266,499 | – | – |
| Other receivables | | | | |
| – Subsidiary corporations | – | – | 11,966,897 | 11,970,582 |
| – Associated companies | 8,560 | 8,560 | – | – |
| – Joint ventures | 35,500 | 35,500 | – | – |
| – Non-related parties | 900,779 | 494,872 | – | 5,824 |
| | 944,839 | 538,932 | 11,966,897 | 11,976,406 |
| Less: Impairment loss on receivables (Note 33(ii)) | – | – | (687,863) | (687,863) |
| Other receivables – net | 944,839 | 538,932 | 11,279,034 | 11,288,543 |
| Government grant receivable | – | 127,500 | – | – |
| Advances to suppliers | 6,432 | 149,634 | – | – |
| Deposits | 2,566,299 | 1,917,674 | 12,020 | 10,220 |
| Prepayments | 1,436,593 | 1,340,311 | 65,355 | 59,215 |
| | 17,935,183 | 8,022,723 | 17,789,356 | 19,549,658 |

The other receivables from subsidiary corporations, associated companies and joint ventures are unsecured, interest-free and are repayable on demand.

As at 31 December 2022, the Group's deposits include an amount of $415,229 representing down payments made to purchase several plant and machineries (2021: $767,730) and deposit paid for arbitration proceedings in respect of Contract ER449A incident amounting $775,422 (2021: $Nil). Capital commitments at the balance sheet date are disclosed in Note 35(i) to the financial statements.

Government grant receivable in 2021 related to Safe Management Measures Levy rebates (Note 25).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS

### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

| | Over time $ |
|---|---|
| **2022** | |
| Construction and maintenance | |
| – Singapore (Note 23) | 111,375,924 |
| **2021** | |
| Construction and maintenance | |
| – Singapore (Note 23) | 82,965,033 |

### (b) Contract assets and contract liabilities

| | Group 2022 $ | Group 2021 $ |
|---|---|---|
| Contract assets | | |
| – Construction and maintenance contracts | 23,978,780 | 15,583,990 |

Contract assets balance increased due to higher unbilled amounts expected to be collected from customers following the increase in revenue.

| | Group 2022 $ | Group 2021 $ |
|---|---|---|
| (i) Revenue recognised in relation to contract liabilities | | |
| Revenue recognised in current year that was included in the contract liability balance as the beginning of the year | | |
| – Construction | – | 7,089,433 |
| – Maintenance | – | 1,844,281 |

| | Group 2022 $ | Group 2021 $ |
|---|---|---|
| (ii) Unsatisfied performance obligations | | |
| Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December | | |
| – Construction | 301,692,892 | 280,733,178 |
| – Maintenance | 56,489,475 | 49,021,541 |
| | 358,182,367 | 329,754,719 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 6 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

### (b) Contract assets and contract liabilities (cont'd)

Management expects that the transaction price allocated to the unsatisfied performance obligations as of 31 December 2022 and 2021 may be recognised as revenue in the next reporting period as follows:

| | 2022<br>$ | 2023<br>$ | 2024<br>$ | 2025<br>$ | 2026<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|
| Partial and fully unsatisfied performance obligations as at: | | | | | | |
| **31 December 2022** | – | 161,650,460 | 111,575,512 | 47,775,000 | 37,181,395 | 358,182,367 |
| 31 December 2021 | 151,024,190 | 121,948,447 | 47,711,204 | 9,070,878 | – | 329,754,719 |

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

## 7 INVENTORIES

| | Group | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| At cost | | |
| Raw materials | 1,591,584 | 1,687,339 |

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to $25,620,282 (2021: $17,664,085) (Note 26).

## 8 INVESTMENTS IN SUBSIDIARY CORPORATIONS

| | Company | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| *Equity investments at cost* | | |
| Beginning and end of financial year | 17,632,234 | 17,632,234 |
| *Allowance for impairment* | | |
| Beginning and end of financial year | (110,000) | (110,000) |
| *Loan to a subsidiary corporation* [(a)] | | |
| Beginning of financial year | 1,696,539 | 1,696,539 |
| Notional fair value of loan, representing additional capital contribution | 315,371 | – |
| End of financial year | 2,011,910 | 1,696,539 |
| | 19,534,144 | 19,218,773 |

(a) The loan to a subsidiary corporation was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount has been capitalised as additional capital contribution to the subsidiary corporation and is recorded as part of investments in subsidiary corporations.

During the financial year ended 31 December 2022, additional capital contribution of $315,371 to the subsidiary corporation is recorded as part of investments in subsidiary corporations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of subsidiary corporations as at 31 December 2022 and 2021:

| | Name of subsidiary corporations | Principal activities | Country of incorporation | Proportion of ordinary shares held by the Group | Proportion of ordinary shares held by non-controlling interests |
|---|---|---|---|---|---|
| **Held by the Company** | | | | | |
| # | Or Kim Peow Contractors (Private) Limited | Business of road and building construction and maintenance | Singapore | 100% | – |
| # | Eng Lam Contractors Co (Pte) Ltd | Business of road construction and maintenance | Singapore | 100% | – |
| #* | OKP Technical Management Pte Ltd | Provision of technical management and consultancy services | Singapore | 100% | – |
| #* | OKP Investments (Singapore) Pte Ltd | Investment holding | Singapore | 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% | – |
| #* | United Pavement Specialists Pte Ltd | Provision of rental services and investment holding | Singapore | 100% | – |
| # | OKP Land Pte Ltd | Investment holding and property development | Singapore | 100% | – |
| #* | OKP Transport & Trading Pte Ltd | Provision of transport and logistics services | Singapore | 100% | – |
| **Held by OKP Land Pte Ltd** | | | | | |
| # | Raffles Prestige Capital Pte Ltd | Investment holding | Singapore | 51% | 49% |
| **Held by Raffles Prestige Capital Pte Ltd** | | | | | |
| @ | Bennet WA Investment Pty Ltd | Property investment | Australia | 51% | 49% |
| **Held by Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd** | | | | | |
| *Unincorporated joint venture* | | | | | |
| ^ | EL-OKP JV | Business of general construction | Singapore | 100% | – |

*# Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation)*
*@ Audited by Nexia Perth Audit Services Pty Ltd, an independent member firm of Nexia International*
** Dormant company*
*^ Registered on 23 August 2021 and not required to be audited under the laws of country of incorporation*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Details of subsidiary corporations as at 31 December 2022 and 2021: (cont'd)

In accordance to Rule 716 of SGX-ST Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

*Carrying value of non-controlling interests*

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Raffles Prestige Capital Pte Ltd and its subsidiary corporation | 4,955,615 | 3,563,341 |

There were no transactions with non-controlling interests for the financial years ended 31 December 2022 and 2021.

Set out below are the summarised financial information for the subsidiary corporations that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

**Summarised balance sheet as at 31 December**

| | **2022** | **2021** |
|---|---|---|
| | **$** | **$** |
| **Current** | | |
| Assets | 2,731,948 | 4,085,260 |
| Liabilities | (11,472,844) | (11,912,219) |
| Total current net liabilities | (8,740,896) | (7,826,959) |
| **Non-current** | | |
| Assets | 70,063,485 | 70,660,438 |
| Liabilities | (46,907,263) | (51,259,530) |
| Total non-current net assets | 23,156,222 | 19,400,908 |
| Net assets | 14,415,326 | 11,573,949 |

**Summarised statement of comprehensive income for the financial years ended 31 December**

| | **2022** | **2021** |
|---|---|---|
| | **$** | **$** |
| Profit before income tax | 2,912,799 | 6,039,140 |
| Income tax expenses | (498,316) | (488,372) |
| Net profit | 2,414,483 | 5,550,768 |
| Other comprehensive income/(loss) | 426,894 | (400,299) |
| Total comprehensive income | 2,841,377 | 5,150,469 |
| Total comprehensive income allocated to non-controlling interests | 1,392,274 | 2,523,730 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 8 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

**Summarised cash flow for the financial years ended 31 December**

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Net cash provided by operating activities | 2,613,644 | 4,680,185 |
| Net cash used in investing activities | – | (24,506,018) |
| Net cash (used in)/ provided by financing activities | (3,866,589) | 19,857,267 |

## 9 INVESTMENTS IN JOINT VENTURES

| | Group | |
|---|---|---|
| | 2022<br>$ | 2021<br>$ |
| **Interests in joint ventures** | | |
| Beginning of financial year | 32,020 | 35,690 |
| Share of profit/(loss) of joint ventures | 19,526 | (3,670) |
| Capital reduction in a joint venture [2] | (6,509) | – |
| End of financial year | 45,037 | 32,020 |

Details of the joint ventures are as follows:

| Name of joint ventures | Principal activities | Country of incorporation | % of ownership interest 2022 | 2021 |
|---|---|---|---|---|
| **Held by subsidiary corporations** | | | | |
| *Incorporated joint ventures* | | | | |
| Lakehomes Pte Ltd [(a) (1)] | Property development | Singapore | 10% | 10% |
| *Unincorporated joint ventures* | | | | |
| Chye Joo – Or Kim Peow JV [(b) (2)] | Business of general construction | Singapore | 50% | 50% |
| Eng Lam – United E & P JV [(c) (3)] | Business of general construction | Singapore | 55% | 55% |

(a) *Audited by Ernst & Young LLP*
(b) *Registered on 4 May 2015 and not required to be audited under the laws of incorporation*
(c) *Registered on 9 April 2019 and not required to be audited under the laws of incorporation*

(1) *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 of the Company, 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.*

*On 20 November 2020, LH undertook a capital reduction pursuant to which the share capital of LH was reduced from $1,000,000 consisting of 1,000,000 ordinary shares to $100 consisting of 100 ordinary shares, by way of cancellation of 999,900 issued and fully paid ordinary shares and returning a total sum of $999,900 to its shareholders.*

(2) *On 4 May 2015, a joint venture partnership, Chye Joo-Or Kim Peow JV ("CJ-OKP") was registered to execute the improvement contract at Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.*

*On 12 December 2022, CJ-OKP undertook a capital reduction. Accordingly, the Group received an amount of $6,509.*

*On 3 February 2023, CJ-OKP has completed the struck off application.*

(3) *On 9 April 2019, a joint venture partnership, Eng Lam – United E&P JV was registered to execute two contracts awarded by a government agency.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 9 INVESTMENTS IN JOINT VENTURES (CONT'D)

The Group has joint control over these joint ventures under the contractual agreements and unanimous consent is required from all parties to the arrangements for all relevant activities.

The Group's joint arrangements are structured as private limited companies and partnerships such that the Group and the parties to the arrangements have the rights to the net assets of the private limited companies and partnerships under the arrangements. Therefore, these arrangements are classified as joint ventures. There are no contingent liabilities relating to the Group's interest in joint ventures.

*Summarised financial information for joint ventures*

Set out below are the summarised 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, if any.

**Summarised statement of comprehensive income for the financial years ended 31 December**

| | Lakehomes Pte Ltd | Chye Joo – Or Kim Peow JV | Eng Lam – United E & P JV | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **2022** | | | | |
| Revenue | – | – | 18,160,201 | 18,160,201 |
| Interest income | – | – | – | – |
| Miscellaneous income | – | 32 | – | 32 |
| Expenses | (4,450) | (32) | (18,123,890) | (18,128,372) |
| Includes: | | | | |
| – Cost of sales | – | – | (18,123,890) | (18,123,890) |
| **(Loss)/profit before income tax/Total comprehensive (loss)/income** | **(4,450)** | **–** | **36,311** | **31,861** |
| **2021** | | | | |
| Revenue | – | 25,779 | 11,664,718 | 11,690,497 |
| Interest income | – | 30 | – | 30 |
| Miscellaneous income | 45,572 | – | – | 45,572 |
| Expenses | (205,844) | (26,752) | (11,641,392) | (11,873,988) |
| Includes: | | | | |
| – Cost of sales | – | – | (11,641,392) | (11,641,392) |
| **(Loss)/profit before income tax/Total comprehensive (loss)/income** | **(160,272)** | **(943)** | **23,326** | **(137,889)** |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 9 INVESTMENTS IN JOINT VENTURES (CONT'D)

Summarised balance sheet as at 31 December

| | Lakehomes Pte Ltd $ | Chye Joo – Or Kim Peow JV $ | Eng Lam – United E & P JV $ | Total $ |
|---|---|---|---|---|
| **2022** | | | | |
| **Current assets** | **168,672** | **–** | **4,606,415** | **4,775,087** |
| Includes: | | | | |
| – Cash and cash equivalents | 160,248 | – | 113,903 | 274,151 |
| – Trade and other receivables | 8,424 | – | – | 8,424 |
| – Contract assets | – | – | 4,492,512 | 4,492,512 |
| **Current liabilities** | **(168,672)** | **–** | **(4,524,529)** | **(4,693,201)** |
| Includes: | | | | |
| – Trade and other payables | (168,672) | – | (41,002) | (209,674) |
| – Contract liabilities | – | – | (4,483,527) | (4,483,527) |
| **Net assets** | **–** | **–** | **81,886** | **81,886** |
| **2021** | | | | |
| **Current assets** | **193,267** | **15,218** | **1,997,257** | **2,205,742** |
| Includes: | | | | |
| – Cash and cash equivalents | 193,267 | 15,218 | 82,360 | 290,845 |
| – Trade and other receivables | – | – | 405,629 | 405,629 |
| – Contract assets | – | – | 1,509,268 | 1,509,268 |
| **Current liabilities** | **(188,817)** | **(2,200)** | **(1,951,682)** | **(2,142,699)** |
| Includes: | | | | |
| – Trade and other payables | (188,817) | (2,200) | (445,432) | (636,449) |
| – Contract liabilities | – | – | (1,506,250) | (1,506,250) |
| **Net assets** | **4,450** | **13,018** | **45,575** | **63,043** |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 9 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 $ | Eng Lam – United E & P JV $ | Total $ |
|---|---|---|---|---|
| **2022** | | | | |
| **Net assets** | | | | |
| Beginning of financial year | 4,450 | 13,018 | 45,575 | 63,043 |
| Total comprehensive income | (4,450) | – | 36,311 | 31,861 |
| Capital reduction | – | (13,018) | – | (13,018) |
| End of financial year | – | – | 81,886 | 81,886 |
| Group's interest in joint ventures | 10% | 50% | 55% | |
| **Group's share of net assets/ Carrying value** | – | – | 45,037 | 45,037 |

| | Lakehomes Pte Ltd $ | Chye Joo – Or Kim Peow JV $ | Eng Lam – United E & P JV $ | Other joint ventures $ | Total $ |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Net assets** | | | | | |
| Beginning of financial year | 164,722 | 13,961 | 22,249 | (778) | 200,154 |
| Total comprehensive income | (160,272) | (943) | 23,326 | – | (137,889) |
| Struck off during the financial year | – | – | – | 778 | 778 |
| End of financial year | 4,450 | 13,018 | 45,575 | – | 63,043 |
| Group's interest in joint ventures | 10% | 50% | 55% | – | |
| **Group's share of net assets/ Carrying value** | 445 | 6,509 | 25,066 | – | 32,020 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10 INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Beginning of financial year | 915,536 | 410,670 |
| Notional fair value of loan (net) | (90,277) | 150,334 |
| Share of profit of associated companies | 695,509 | 354,532 |
| End of financial year | 1,520,768 | 915,536 |

Set out below are the associated companies of the Group, 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 | % of ownership interest 2022 | % of ownership interest 2021 |
|---|---|---|---|---|
| **Held by subsidiary corporations** | | | | |
| Chong Kuo Development Pte Ltd [(a) (1)] | Property development | Singapore | 22.5% | 22.5% |
| USB Holdings Pte Ltd [(b) (2)] | Investment holding and property development | Singapore | 25% | 25% |
| **Held by USB Holdings Pte Ltd** | | | | |
| United Singapore Builders Pte Ltd [(b) (3)] | General contractors | Singapore | 100% | 100% |
| USB (Phoenix) Pte Ltd [(b) (4)] | Property development | Singapore | 100% | 100% |

*(a) Audited by Ernst & Young LLP*

*(b) Audited by CLA Global TS Public Acounting Corporation (formerly Nexia TS Public Accounting Corporation)*

*(1) On 20 February 2018, an associated company, Chong Kuo Development Pte. Ltd. ("ChongKuo") was incorporated in Singapore with a share capital of $2,000,000 consisting of 2,000,000 ordinary shares. OKP Land Pte Ltd ("OKPL"), a wholly-owned subsidiary corporation of the Company, has a 22.5% equity interest at a cost of $450,000 in ChongKuo. The principal activity of ChongKuo is to develop a residential condominium on the land parcel at Chong Kuo Road.*

*(2) On 29 March 2018, OKP Investments (Singapore) Pte Ltd ("OKPIS"), a wholly-owned subsidiary corporation of the Company, together with Ho Lee Group Pte Ltd, HSB Holdings Pte. Ltd. and B&D Investment and Property Pte. Ltd. incorporated USB Holdings Pte. Ltd. ("USBH"). The principal business activities of USBH are investment holding and property development.*

*(3) On 8 January 2014, Or Kim Peow Contractors (Private) Limited ("OKPC"), a wholly-owned subsidiary corporation of the Company, 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 way of 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.*

*USB became a wholly-owned subsidiary corporation of USB Holdings Pte Ltd after a restructuring exercise took place on 2 July 2018.*

*(4) On 23 August 2018, USBH incorporated a wholly-owned subsidiary corporation, USB (Phoenix) Pte. Ltd. ("USB Phoenix"). USB Phoenix has been incorporated with an issued and paid-up share capital of $2, comprising 2 ordinary shares held by USBH. The principal business activity of USB Phoenix is to redevelop the property at 71-85 Phoenix Avenue, Phoenix Heights, Singapore.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

*Summarised financial information for associated companies*

Set out below are the summarised financial information of associated companies 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 associated companies, if any.

**Summarised statement of comprehensive income for the financial years ended 31 December**

| | USB Group* | Chong Kuo Development Pte Ltd | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2022** | | | |
| Revenue | 49,953,335 | 29,005,214 | 78,958,549 |
| Total comprehensive (loss)/income | (11,333,073) | 3,091,151 | (8,241,922) |
| **2021** | | | |
| Revenue | 31,980,606 | 23,731,753 | 55,712,359 |
| Total comprehensive (loss)/income | (7,329,477) | 2,075,347 | (5,254,130) |

* *Comprises of USB Holdings Pte Ltd and its subsidiary corporations.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

**Summarised balance sheet as at 31 December**

| | USB Group* $ | Chong Kuo Development Pte Ltd $ | Total $ |
|---|---|---|---|
| 2022 | | | |
| **Current assets** | **67,704,498** | **45,314,377** | **113,018,875** |
| Includes: | | | |
| – Cash and cash equivalents | 19,341,332 | 3,607,505 | 22,948,837 |
| – Trade and other receivables | 2,331,041 | 33,465,460 | 35,796,501 |
| – Contract assets | 9,288,266 | 35,865 | 9,324,131 |
| – Capitalised contract costs | 3,033,679 | 550,186 | 3,583,865 |
| – Development property | 33,710,180 | 7,655,361 | 41,365,541 |
| **Non-current assets** | **750,421** | **–** | **750,421** |
| Includes: | | | |
| – Property, plant and equipment | 737,767 | – | 737,767 |
| – Intangible assets | 12,654 | – | 12,654 |
| **Current liabilities** | **(9,108,902)** | **(2,625,824)** | **(11,734,726)** |
| Includes: | | | |
| – Trade and other payables | (7,724,623) | (2,625,824) | (10,350,447) |
| – Borrowings | (1,384,279) | – | (1,384,279) |
| **Non-current liabilities** | **(75,001,627)** | **(34,854,137)** | **(109,855,764)** |
| Includes: | | | |
| – Other payables | (38,561,773) | (19,770,537) | (58,332,310) |
| – Borrowings | (36,439,854) | (15,083,600) | (51,523,454) |
| **Net (liabilities)/assets** | **(15,655,610)** | **7,834,416** | **(7,821,194)** |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

**Summarised balance sheet as at 31 December (cont'd)**

| | USB Group* | Chong Kuo Development Pte Ltd | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2021** | | | |
| **Current assets** | **68,042,222** | **43,430,141** | **111,472,363** |
| Includes: | | | |
| – Cash and cash equivalents | 8,965,953 | 2,078,257 | 11,044,210 |
| – Trade and other receivables | 3,473,694 | 44,681 | 3,518,375 |
| – Contract assets | 5,400,224 | 15,925,029 | 21,325,253 |
| – Capitalised contract costs | 528,931 | 1,667,384 | 2,196,315 |
| – Development properties | 49,673,420 | 23,714,790 | 73,388,210 |
| **Non-current assets** | **852,903** | **–** | **852,903** |
| Includes: | | | |
| – Property, plant and equipment | 831,821 | – | 831,821 |
| – Intangible assets | 21,082 | – | 21,082 |
| **Current liabilities** | **(7,127,246)** | **(1,445,290)** | **(8,572,536)** |
| Includes: | | | |
| – Trade and other payables | (5,976,593) | (1,445,290) | (7,421,883) |
| – Contract liabilities | (307,209) | – | (307,209) |
| – Borrowings | (843,444) | – | (843,444) |
| **Non-current liabilities** | **(67,049,416)** | **(37,343,829)** | **(104,393,245)** |
| Includes: | | | |
| – Other payables | (30,250,276) | (19,260,229) | (49,510,505) |
| – Borrowings | (36,799,140) | (18,083,600) | (54,882,740) |
| **Net (liabilities)/assets** | **(5,281,537)** | **4,641,022** | **(640,515)** |

* *Comprises of USB Holdings Pte Ltd and its subsidiary corporations.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 10 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

**Reconciliation of summarised financial information**

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in associated companies, is as follows:

| | USB Group* $ | Chong Kuo Development Pte Ltd $ | Total $ |
|---|---|---|---|
| **2022** | | | |
| **Net (liabilities)/assets** | (15,655,610) | 7,834,416 | (7,821,194) |
| Group's interest in associated companies | 25% | 22.5% | |
| Group's share of net (liabilities)/assets | (361,733) | 1,762,744 | 1,401,011 |
| Fair value adjustment | 522,056 | (402,299) | 119,757 |
| **Carrying value of Group's interest in associated companies at end of financial year** | 160,323 | 1,360,445 | 1,520,768 |
| **2021** | | | |
| **Net (liabilities)/assets** | (5,281,537) | 4,641,022 | (640,515) |
| Group's interest in associated companies | 25% | 22.5% | |
| Group's share of net (liabilities)/assets | (361,733) | 1,044,230 | 682,497 |
| Fair value adjustment | 461,186 | (228,147) | 233,093 |
| **Carrying value of Group's interest in associated companies at end of financial year** | 99,453 | 816,083 | 915,536 |

* *Comprises of USB Holdings Pte Ltd and its subsidiary corporations.*

The Group has not recognised its share of loss of its associated company, USB Holdings Pte Ltd amounting to $2,833,269 (2021: $1,719,948) as the Group's cumulative share of losses exceeded its interest in this entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounted to $4,553,217 (2021: 1,719,948) as at balance sheet date.

## 11 INVESTMENT PROPERTIES

| | Group 2022 $ | 2021 $ |
|---|---|---|
| Beginning of financial year | 78,486,763 | 52,107,236 |
| Currency translation differences | (2,231,328) | (2,394,969) |
| Additions [(a)] | – | 24,403,015 |
| Net fair value gain recognised in profit or loss (Note 25) | 2,249,361 | 4,371,481 |
| End of financial year | 78,504,796 | 78,486,763 |

[(a)] *Included in additions are acquisitions of two investment properties of $23,680,000 and capitalised expenditure of $723,015 in 2021.*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 11 INVESTMENT PROPERTIES (CONT'D)

Bank borrowings are secured on investment properties of the Group with carrying amounts of $69,744,796 (2021: $70,366,763).

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Rental income (Note 23) | 6,269,876 | 7,069,750 |
| Direct operating expenses arising from investment properties that generate rental income | (2,342,037) | (2,329,857) |

At the balance sheet date, the details of the Group's investment properties are as follows:

| **Location** | **Description** | **Existing use** | **Tenure** | **Fair value 2022 $** | **Fair value 2021 $** |
|---|---|---|---|---|---|
| 6-8 Bennett Street, East Perth, Western Australia | Office building | Office building | Freehold | 39,944,796 | 42,586,763 |
| No. 190 Moulmein Road, #10-03 The Huntington, Singapore 308095 | Apartment unit | Residential | Freehold | 2,200,000 | 1,980,000 |
| No. 6 Tagore Drive B1-06 Tagore Building, Singapore 787623 | Office unit | Office unit | Freehold | 1,830,000 | 1,690,000 |
| No. 6 Tagore Drive B1-05 Tagore Building, Singapore 787623 | Office unit | Office unit | Freehold | 1,730,000 | 1,600,000 |
| 7 Woodlands Industrial Park E2, Singapore 757450 | 3-storey factory | Workshop, office unit, dormitory | 60-year lease from 25 September 2006 | 3,000,000 | 2,850,000 |
| 35 Kreta Ayer Road, Singapore 089000 | 3-storey shophouse with attic | Office building | Freehold | 16,000,000 | 15,000,000 |
| 69 Kampong Bahru Road, Singapore 169372 | 2-storey shophouse with attic | Office building | Freehold | 6,900,000 | 6,390,000 |
| 71 Kampong Bahru Road, Singapore 169733 | 2-storey shophouse with attic | Office building | Freehold | 6,900,000 | 6,390,000 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 11 INVESTMENT PROPERTIES (CONT'D)

The investment properties listed as above are leased to non-related parties under non-cancellable leases.

Fair value hierarchy: – recurring fair value measurements

| | 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) $** |
| **2022** | | | |
| Office building | – | 69,744,796 | – |
| Residential | – | 2,200,000 | – |
| Office units | – | 3,560,000 | – |
| Workshop, office unit, dormitory | – | 3,000,000 | – |
| **2021** | | | |
| Office building | – | 70,366,363 | – |
| Residential | – | 1,980,000 | – |
| Office units | – | 3,290,000 | – |
| Workshop, office unit, dormitory | – | 2,850,000 | – |

Valuation techniques used to derive Level 2 fair values

For the investment property in Australia, the external independent professional valuers ("valuers") used capitalisation method, while for the investment properties in Singapore, the valuers used direct comparison method to determine the fair values of the investment properties.

Level 2 fair value of the Group's property in Australia have been derived on a range of assumptions and estimates (including, amongst others, the rental and rental growth rates, discount rates and terminal capitalisation rates) used by the valuers. These estimates are based on local market conditions existing at the balance sheet date.

Level 2 fair values of the Group's properties in Singapore 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, tenure and type. The most significant input in this valuation method is market price per square metre.

Valuation processes of the Group

The Group engages valuers to determine the fair value of the Group's properties at the end of every financial year. As at 31 December 2022 and 2021, the fair values of the properties have been determined by Savills Valuation and Professional Services (S) Pte Ltd, CKS Property Consultants Pte Ltd, Premas Valuers & Property Consultants Pte Ltd, and Burgess Rawson (WA) Pty Ltd.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 12 OTHER RECEIVABLES – NON-CURRENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Loan to associated companies | 14,572,499 | 12,447,499 | – | – |
| Less: Notional fair value of loan | (582,142) | (672,419) | – | – |
| Less: Impairment loss on other receivables (Note 33(ii)) | (500,000) | – | – | – |
| | 13,490,357 | 11,775,080 | – | – |
| Loan to a subsidiary corporation | – | – | 1,500,000 | – |
| Less: Notional fair value of loan | – | – | (310,701) | – |
| | – | – | 1,189,299 | – |
| | 13,490,357 | 11,775,080 | 1,189,299 | – |

The loans to associated companies and a subsidiary corporation are unsecured and interest-free advances for the purpose of operating and development activities in their respective fields. The loans are not expected to be repaid within the next 12 months.

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 | | Borrowing rate | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | % | % |
| Loan to associated companies | 12,947,746 | 11,649,946 | 4.25 | 0.44 |

| | Company | | Borrowing rate | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | % | % |
| Loan to a subsidiary corporation | 969,162 | – | 4.25 | – |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Building<br>$ | Leasehold property<br>$ | Freehold land<br>$ | Plant and machinery<br>$ | Motor vehicles<br>$ | Office equipment<br>$ | Furniture and fittings<br>$ | Renovation<br>$ | Signboard<br>$ | Right-of-use assets (Note 14)<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <u>**Group**</u> | | | | | | | | | | | |
| **2022** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| Beginning of financial year | 3,875,156 | 3,680,257 | 9,884,568 | 25,611,535 | 12,615,806 | 508,699 | 887,691 | 77,675 | 10,450 | 20,251,158 | 77,402,995 |
| Additions | – | – | – | 3,797,412 | 456,668 | – | – | – | – | 4,383,733 | 8,637,813 |
| Disposals | – | – | – | (286,000) | (426,789) | – | – | – | – | (231,638) | (944,427) |
| Written off | – | – | – | (34,920) | – | – | – | – | – | (72,925) | (107,845) |
| End of financial year | 3,875,156 | 3,680,257 | 9,884,568 | 29,088,027 | 12,645,685 | 508,699 | 887,691 | 77,675 | 10,450 | 24,330,328 | 84,988,536 |
| **Accumulated depreciation** | | | | | | | | | | | |
| Beginning of financial year | 724,623 | 2,944,208 | – | 21,562,236 | 8,823,178 | 508,699 | 887,691 | 33,065 | 10,450 | 8,327,619 | 43,821,769 |
| Depreciation charge (Note 26) | 91,636 | 245,350 | – | 757,594 | 809,061 | – | – | 10,874 | – | 2,713,688 | 4,628,203 |
| Disposals | – | – | – | (283,608) | (383,968) | – | – | – | – | (175,498) | (843,074) |
| Written off | – | – | – | (34,920) | – | – | – | – | – | (72,925) | (107,845) |
| End of financial year | 816,259 | 3,189,558 | – | 22,001,302 | 9,248,271 | 508,699 | 887,691 | 43,939 | 10,450 | 10,792,884 | 47,499,053 |
| **Net book value at end of financial year** | 3,058,897 | 490,699 | 9,884,568 | 7,086,725 | 3,397,414 | – | – | 33,736 | – | 13,537,444 | 37,489,483 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Building | Leasehold property | Freehold land | Plant and machinery | Motor vehicles | Office equipment | Furniture and fittings | Renovation | Signboard | Right-of-use assets (Note 14) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | | | | | | |
| **2021** | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | |
| Beginning of financial year | 3,875,156 | 3,680,257 | 9,884,568 | 24,534,050 | 10,885,239 | 508,699 | 887,691 | 49,865 | 10,450 | 17,118,845 | 71,434,820 |
| Additions | – | – | | 1,137,296 | 1,861,485 | – | – | 27,810 | – | 4,171,035 | 7,197,626 |
| Disposals | – | – | – | – | (130,918) | – | – | – | – | (1,038,722) | (1,169,640) |
| Written off | – | – | – | (59,811) | – | – | – | – | – | – | (59,811) |
| End of financial year | 3,875,156 | 3,680,257 | 9,884,568 | 25,611,535 | 12,615,806 | 508,699 | 887,691 | 77,675 | 10,450 | 20,251,158 | 77,402,995 |
| **Accumulated depreciation** | | | | | | | | | | | |
| Beginning of financial year | 632,987 | 2,698,858 | – | 20,580,825 | 8,111,018 | 508,699 | 887,562 | 27,289 | 10,450 | 7,193,199 | 40,650,887 |
| Depreciation charge (Note 26) | 91,636 | 245,350 | – | 1,026,168 | 832,913 | – | 129 | 5,776 | – | 2,075,541 | 4,277,513 |
| Disposals | – | – | – | – | (120,753) | – | – | – | – | (941,121) | (1,061,874) |
| Written off | – | – | – | (44,757) | – | – | – | – | – | – | (44,757) |
| End of financial year | 724,623 | 2,944,208 | – | 21,562,236 | 8,823,178 | 508,699 | 887,691 | 33,065 | 10,450 | 8,327,619 | 43,821,769 |
| **Net book value at end of financial year** | 3,150,533 | 736,049 | 9,884,568 | 4,049,299 | 3,792,628 | – | – | 44,610 | – | 11,923,539 | 33,581,226 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Building $ | Freehold land $ | Motor vehicles $ | Office equipment $ | Furniture and fittings $ | Renovation $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2022** | | | | | | | |
| **Cost** | | | | | | | |
| Beginning of financial year | 3,875,156 | 9,884,568 | 174,404 | 388,519 | 883,858 | 77,675 | 15,284,180 |
| Additions | – | – | – | – | – | – | – |
| End of financial year | 3,875,156 | 9,884,568 | 174,404 | 388,519 | 883,858 | 77,675 | 15,284,180 |
| **Accumulated depreciation** | | | | | | | |
| Beginning of financial year | 724,623 | – | 174,404 | 388,519 | 883,858 | 33,065 | 2,204,469 |
| Depreciation charge | 91,636 | – | – | – | – | 10,874 | 102,510 |
| End of financial year | 816,259 | – | 174,404 | 388,519 | 883,858 | 43,939 | 2,306,979 |
| **Net book value at end of financial year** | 3,058,897 | 9,884,568 | – | – | – | 33,736 | 12,977,201 |
| **2021** | | | | | | | |
| **Cost** | | | | | | | |
| Beginning of financial year | 3,875,156 | 9,884,568 | 174,404 | 388,519 | 883,858 | 49,865 | 15,256,370 |
| Additions | – | – | – | – | – | 27,810 | 27,810 |
| End of financial year | 3,875,156 | 9,884,568 | 174,404 | 388,519 | 883,858 | 77,675 | 15,284,180 |
| **Accumulated depreciation** | | | | | | | |
| Beginning of financial year | 632,987 | – | 139,524 | 388,519 | 883,858 | 27,289 | 2,072,177 |
| Depreciation charge | 91,636 | – | 34,880 | – | – | 5,776 | 132,292 |
| End of financial year | 724,623 | – | 174,404 | 388,519 | 883,858 | 33,065 | 2,204,469 |
| Net book value at end of financial year | 3,150,533 | 9,884,568 | – | – | – | 44,610 | 13,079,711 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) The details of the Group's properties are as follows:

| Properties/ Location | Nature | Purpose | Approximate built-in area (in sq. ft.) | Net book value 2022 $ | 2021 $ |
|---|---|---|---|---|---|
| 30 Tagore Lane, Singapore 787484 | Freehold | Office use | 10,742 | 4,768,123 | 4,831,205 |
| 32 Tagore Lane, Singapore 787485 (*) | Freehold | Dormitory/office | 6,684 | 8,175,342 | 8,203,896 |
| 2A Sungei Kadut Drive, Singapore 729554 | Leasehold | Fabrication yard/ workshop/ office | 55,865 | 490,699 | 736,049 |

(*) *The Group's and the Company's bank borrowings is secured by the property (Note 18(b)).*

(iii) Included within additions in the consolidated financial statements are right-of-use assets acquired under lease arrangement amounting to $2,896,343 (2021: $3,776,535).

## 14 RIGHT-OF-USE ASSETS

The Group leases office space for the purpose of back office for construction and maintenance operations. The Group leases motor vehicles, plant and machinery and state land for construction and maintenance divisions to fulfil its obligations relating to construction contracts with customers.

Lease terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The lease agreement does not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(a) Amounts recognised in the balance sheet

| | Group 2022 $ | 2021 $ |
|---|---|---|
| Right-of-use assets | | |
| Office unit | 93,602 | 173,832 |
| Plant and machinery | 10,635,965 | 9,899,761 |
| Motor vehicles | 1,208,107 | 1,311,066 |
| Use of state land for worksite | 1,599,770 | 538,880 |
| | 13,537,444 | 11,923,539 |
| Lease liabilities | | |
| Current (Note 18) | 2,950,837 | 2,086,602 |
| Non-current (Note 18) | 4,723,512 | 4,316,335 |
| | 7,674,349 | 6,402,937 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 14 RIGHT-OF-USE ASSETS (CONT'D)

(b) Amounts recognised in the profit or loss

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Depreciation of right-of-use assets | | |
| Office unit | 80,230 | 80,230 |
| Plant and machinery | 1,496,971 | 1,218,017 |
| Motor vehicles | 292,174 | 287,132 |
| Use of state land for worksite | 844,313 | 490,162 |
| | 2,713,688 | 2,075,541 |
| Lease liabilities | | |
| Interest expense (included in finance expense) (Note 28) | 192,216 | 148,734 |
| Lease expenses not capitalised in lease liabilities (Note 26): | | |
| – Short term leases ("included in rental expenses") | 2,599,900 | 2,103,891 |
| – Low-value leases ("included in rental expenses") | 260,607 | 158,074 |
| | 2,860,507 | 2,261,965 |

(c) Total cash outflow for leases for the financial year ended 31 December 2022 was $4,677,654 (2021: $4,879,864).

(d) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

There are no variable lease payments for the financial years ended 31 December 2022 and 2021.

ii. Extension options

The leases for certain office units contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

## 15 INTANGIBLE ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| **Composition:** | | | | |
| Goodwill (Note a) | 1,687,551 | 1,687,551 | – | – |
| Computer software licences (Note b) | 18,500 | 36,988 | 6,959 | 11,599 |
| | 1,706,051 | 1,724,539 | 6,959 | 11,599 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 15 INTANGIBLE ASSETS (CONT'D)

### *(a) Goodwill*

This represents goodwill on acquisitions of subsidiary corporations 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 | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| *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 | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| 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** |
|---|---|---|
| **2022** | | |
| Gross margin | 3% – 8% | 7% – 9% |
| Growth rate | 8% | 3% |
| Discount rate | 7.2% | 7.2% |
| **2021** | | |
| Gross margin | 3% – 8% | 7% – 9% |
| Growth rate | 8% | 3% |
| Discount rate | 7.2% | 7.2% |

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 15 INTANGIBLE ASSETS (CONT'D)

### *(b) Computer software licences*

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| **Cost** | | | | |
| Beginning and end of financial year | 519,715 | 519,715 | 78,243 | 78,243 |
| **Accumulated amortisation** | | | | |
| Beginning of financial year | 482,727 | 456,240 | 66,644 | 62,005 |
| Amortisation charge (Note 26) | 18,488 | 26,487 | 4,640 | 4,639 |
| End of financial year | 501,215 | 482,727 | 71,284 | 66,644 |
| Net book value | 18,500 | 36,988 | 6,959 | 11,599 |

## 16 OTHER INVESTMENTS AT AMORTISED COST

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Beginning of financial year | – | – |
| Addition | 2,000,000 | – |
| Accrued interest | 4,910 | – |
| End of financial year | 2,004,910 | – |
| **Non-current assets** | | |
| SGD fixed rate structured deposits at 1.70% - 1..85% due 1 June 2026 | 2,004,910 | – |

The fair value of non-current fixed rate structured deposits are $1,991,336. The fair values are based on discounted cash flows using market interest rate as at 31 December 2022. The fair values are within Level 2 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 17 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| *Current* | | | | |
| Trade payables | | | | |
| – Non-related parties | 19,224,862 | 12,811,787 | 82,229 | 67,351 |
| Other payables | | | | |
| – Subsidiary corporations | – | – | 1,955,350 | 1,955,136 |
| – Non-controlling interests | 674,231 | 599,695 | – | – |
| – Non-related parties | 427,474 | 473,465 | – | – |
| | 1,101,705 | 1,073,160 | 1,955,350 | 1,955,136 |
| Accrued operating expenses | 7,749,755 | 6,844,486 | 817,682 | 918,723 |
| | 28,076,322 | 20,729,433 | 2,855,261 | 2,941,210 |
| *Non-current* | | | | |
| Other payables | | | | |
| – Loan from non-controlling interests | 15,427,419 | 16,090,367 | – | – |
| – Less: Notional fair value of loan | (359,421) | (815,616) | – | – |
| | 15,067,998 | 15,274,751 | – | – |

The current other payables to subsidiary corporations and non-controlling interests are unsecured, interest-free and are repayable on demand.

The non-current loan from non-controlling interests is unsecured, interest-free. The loan is for the purpose of funding the subsidiary corporation's operating and development activities. The loan was initially recognised at fair value. The difference between the amortised cost and the initial recognised amount represents capital reserve (Note 21 (b)(iii)) and is recorded as part of equity.

The fair values of non-current other payables approximate their carrying amounts.

## 18 BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| *Current* | | | | |
| Lease liabilities (Note 14) | 2,950,837 | 2,086,602 | – | – |
| Bank loans | 12,880,446 | 13,934,094 | 3,450,000 | 4,050,000 |
| | 15,831,283 | 16,020,696 | 3,450,000 | 4,050,000 |
| *Non-current* | | | | |
| Lease liabilities (Note 14) | 4,723,512 | 4,316,335 | – | – |
| Bank loans | 16,156,247 | 20,086,570 | – | – |
| | 20,879,759 | 24,402,905 | – | – |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 18 BORROWINGS (CONT'D)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| 6 months or less | 4,640,223 | 5,167,047 | 1,725,000 | 2,025,000 |
| 6 -12 months | 8,240,223 | 8,767,047 | 1,725,000 | 2,025,000 |
| 1 – 5 years | 16,156,247 | 18,642,127 | – | – |
| Over 5 years | – | 1,444,443 | – | – |
| | 29,036,693 | 34,020,664 | 3,450,000 | 4,050,000 |

The effective interest rates for bank loans ranged from 1.43% to 4.92% per annum (2021: 1.37% to 2.05% per annum).

### (a) *Fair value of non-current borrowings*

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Bank loans | 15,508,624 | 19,418,419 |

The fair values above are determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Bank loans | 4.27 – 4.85 | 1.48 – 2.03 |

The fair values of the non-current finance lease liabilities approximate their carrying amounts.

### (b) *Security granted*

Lease liabilities of the Group amounting to $5,901,407 (2021: $5,636,480) (Note 14) are secured over the leased plant and machinery, and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities. The lease liabilities are also secured by the Company's corporate guarantees (Note 36(i)).

Bank loans are secured by first legal mortgage over property, plant and equipment of the Group and the Company (Note 13), investment properties of the Group (Note 11), certain bank deposits (Note 4), corporate guarantees of the Company (Note 36) and charge over the Group's shares in the subsidiary corporation.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 18 BORROWINGS (CONT'D)

### (c) *Reconciliation of liabilities arising from financing activities*

| | 1 January 2022 | Proceeds from borrowings | Principal and interest payments | Non-cash changes: Additions during the year | Non-cash changes: Interest expense | Non-cash changes: Foreign exchange movement | 31 December 2022 |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Lease liabilities | 6,402,937 | – | (1,817,147) | 2,896,343 | 192,216 | – | 7,674,349 |
| Bank loans | 34,020,664 | – | (4,797,435) | – | 936,506 | (1,123,042) | 29,036,693 |

| | 1 January 2021 | Proceeds from borrowings | Principal and interest payments | Non-cash changes: Additions during the year | Non-cash changes: Interest expense | Non-cash changes: Foreign exchange movement | 31 December 2021 |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Lease liabilities | 5,095,567 | – | (2,617,899) | 3,776,535 | 148,734 | – | 6,402,937 |
| Bank loans | 26,504,869 | 11,700,000 | (3,977,957) | – | 547,243 | (753,491) | 34,020,664 |

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

*Deferred income tax liabilities*

| | Group 2022 | Group 2021 | Company 2022 | Company 2021 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Accelerated tax depreciation** | | | | |
| Beginning of financial year | 863,372 | 1,104,355 | 9,556 | 10,095 |
| Tax charged/(credited) to profit or loss (Note 29(a)) | 201,890 | (240,983) | (2,638) | (539) |
| End of financial year | 1,065,262 | 863,372 | 6,918 | 9,556 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 19 DEFERRED INCOME TAXES (CONT'D)

*Deferred income tax assets*

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| **Fair value on investment properties in Australia** | | |
| Beginning of financial year | (293,675) | – |
| Currency translation differences | 20,068 | 8,649 |
| Tax credited to profit or loss (Note 29(a)) | (45,082) | (302,324) |
| End of financial year | (318,689) | (293,675) |
| **Excess of tax written down value over carrying amount of property, plant and equipment** | | |
| Beginning of financial year | – | – |
| Tax credited to profit or loss (Note 29(a)) | (345,661) | – |
| End of financial year | (345,661) | – |
| Total | (664,350) | (293,675) |

Deferred income tax assets are recognised for the revaluation of investment properties in Australia, which does not affect taxable profit in the period of the revaluation and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in a taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of the investment properties and its tax base is a temporary difference and gives rise to the deferred income tax assets.

Deferred income tax assets are recognised for tax losses and donations carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The deferred income tax assets balance includes an amount of $345,661 (2021: $Nil) which relates to carried forward tax losses and donations of Or Kim Peow Contractors (Private) Limited. The subsidiary corporation has incurred the losses over the last three financial years due to legal expenses incurred for an arbitration proceeding, which are not expected to recur in the future. The Group has concluded that the deferred tax assets will be recoverable based on the estimated future taxable income of the subsidiary corporation based on the approved business plans and budgets for the subsidiary corporation. The temporary differences have no expiry date.

The Group had unrecognised tax losses and unabsorbed capital allowances of $4,790,437 (2021: $898,230) and $Nil (2021: $962,668) respectively 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 and capital allowances have no expiry dates.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 20 SHARE CAPITAL AND TREASURY SHARES

| | No. of ordinary shares | | Amount | |
|---|---|---|---|---|
| | Issued share capital | Treasury shares | Share capital $ | Treasury shares $ |
| **Group and Company** | | | | |
| **2022** | | | | |
| Beginning and end of financial year | 308,430,594 | (1,469,100) | 36,832,301 | (234,974) |
| **2021** | | | | |
| Beginning and end of financial year | 308,430,594 | (1,469,100) | 36,832,301 | (234,974) |

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.

***(a) Treasury shares***

In 2020, the Company acquired 1,469,100 shares in the Company in the open market and the total amount paid to acquire the shares was $234,974. This was presented as a component within shareholder's equity.

***(b) Share award***

The Company has adopted the OKP Performance Share Scheme ("PSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 24 April 2019 and is in force for a period of 10 years. The PSS is administered by a committee ("Committee") comprising Directors.

The PSS provides for the award of fully paid shares ("Awards") to Group employees (including Group Executive Directors) who have attained the age of 21 years on or before the relevant date of Award provided that none shall be an undischarged bankrupt, and who, in the absolute discretion of the Committee, are eligible to participate in the PSS.

Under the PSS, the total number of shares which may be delivered pursuant to Awards granted, when added to the number of shares issued and issuable under other share-based incentive schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

Controlling shareholders and their associates shall be eligible to participate in the PSS subject to approval by the independent shareholders of the Company. However, the aggregate number of shares that are available to controlling shareholders and their associates shall not exceed 25% of the shares available under the PSS and the number of shares that are available to each controlling shareholder or his associate shall not exceed 10% of the shares available under the PSS.

Notwithstanding the expiry or termination of the PSS, any Awards granted to participants prior to such expiry or termination will continue to remain valid.

There were no Awards granted pursuant to the PSS from the commencement of the PSS up to the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 21 OTHER RESERVES

| | Group 2022 $ | Group 2021 $ |
|---|---|---|
| **(a) Composition:** | | |
| Asset revaluation reserve | 1,372,330 | 1,372,330 |
| Currency translation reserve | 179,433 | (38,284) |
| Capital reserve | 2,107,896 | 2,107,896 |
| | 3,659,659 | 3,441,942 |
| **(b) Movement:** | | |
| (i) Asset revaluation reserve | | |
| Beginning and end of financial year | 1,372,330 | 1,372,330 |
| (ii) Currency translation reserve | | |
| Beginning of financial year | (38,284) | 165,869 |
| Currency translation differences arising from consolidation | 426,894 | (400,299) |
| Less: Non-controlling interests | (209,177) | 196,146 |
| End of financial year | 179,433 | (38,284) |
| (iii) Capital reserve | | |
| Beginning of financial year | 2,107,896 | 1,705,132 |
| Fair value adjustment on interest-free loan | – | 402,764 |
| End of financial year | 2,107,896 | 2,107,896 |

Other reserves are non-distributable.

## 22 RETAINED PROFITS

(a) Retained profits of the Group are distributable except for accumulated retained profits of joint ventures amounting to $45,037 (2021: $32,020), accumulated losses of associated companies amounting to $1,892,163 (2021: $2,334,457) and the amount of $234,974 (2021: $234,974) utilised to purchase treasury shares.

Retained profits of the Company are distributable except for the amount of $234,974 (2021: $234,974) utilised to purchase treasury shares.

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

| | Company 2022 $ | Company 2021 $ |
|---|---|---|
| Beginning of financial year | 11,714,025 | 10,330,133 |
| Net profit | 409,502 | 3,532,643 |
| Dividends paid (Note 31) | (2,148,731) | (2,148,751) |
| End of financial year | 9,974,796 | 11,714,025 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 23 REVENUE

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Revenue from construction | 81,920,363 | 56,559,912 |
| Revenue from maintenance | 29,455,561 | 26,405,121 |
| Revenue from contract with customers (Note 6(a)) | 111,375,924 | 82,965,033 |
| Rental income from investment properties (Note 11) | 6,269,876 | 7,069,750 |
| | 117,645,800 | 90,034,783 |

## 24 COST OF SALES

Included in the cost of sales are the following:

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Depreciation of property, plant and equipment | 4,188,403 | 3,810,409 |
| Amortisation of intangible assets | 8,560 | 16,560 |
| Employee compensation: | | |
| – Wages and salaries | 27,278,540 | 24,678,810 |
| – Employer's contribution to defined contribution plans including Central Provident Fund | 4,068,155 | 3,773,645 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 25 OTHER GAINS AND LOSSES – OTHERS

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Interest income | | |
| – Bank deposits | 215,744 | 135,660 |
| – Other investments at amortised cost | 21,956 | – |
| | 237,700 | 135,660 |
| Net fair value gain on investment properties (Note 11) | 2,249,361 | 4,371,481 |
| Net gain on disposal of property, plant and equipment | 45,414 | 89,552 |
| Gain on lease modification | 3,368 | – |
| Property, plant and equipment written off | – | (15,054) |
| Government grants | | |
| – Special Employment Credit [a] | 21,222 | 21,749 |
| – Wage Credit Scheme [b] | 44,373 | 29,344 |
| – Enterprise Development Grant [c] | – | 13,576 |
| – Safe Management Measures Levy rebates [d] | 428,366 | 1,250,030 |
| – Jobs Support Scheme [e] | 489,004 | 610,947 |
| – Jobs Growth Incentive [f] | 219,244 | 117,880 |
| – Prolongation Costs Co-sharing in Public Sector Construction Contracts [g] | 614,652 | 1,882,730 |
| – Productivity Solutions Grant [h] | 6,872 | – |
| – SkillsFuture Enterprise Credit [i] | 2,079 | – |
| – Others [j] | 4,626 | 19,920 |
| | 1,830,438 | 3,946,176 |
| Currency exchange losses – net | (1,113,783) | (1,040,350) |
| Administrative income | 96,000 | 96,000 |
| Sale of materials | 113,428 | 147,164 |
| Others | 7,817 | 8,993 |
| | 3,469,743 | 7,739,622 |

[a] *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.*

[b] *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.*

[c] *The Enterprise Development Grant ("EDG") helps Singapore companies grow and transform. This grant supports projects that help companies to upgrade its business, innovate or venture overseas under three pillars: Core Capabilities, Innovation and Productivity and Market Access.*

[d] *Safe Management Measures Levy rebates was introduced to support firms in the Construction, Marine Shipyard and Process sectors as they adjust to more stringent Safe Management Measures ("SMM") arising from the COVID-19 crisis.*

[e] *The Jobs Support Scheme ("JSS") is a temporary scheme introduced in the Singapore Budget 2020 to provides wage support to employers to help them retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.*

[f] *The Jobs Growth Incentive ("JGI") scheme is an Inland Revenue Authority of Singapore's (IRAS) co-pay scheme aimed at incentivising employers who hire local applicants by providing substantial salaries support at all wage levels. This scheme encourages employers to create good, long-term employment opportunities for Singapore Citizens and Permanent Residents.*

[g] *Prolongation Costs Co-sharing in Public Sector Construction Contract was announced on 30 November 2020. The Government will continue to co-share the depreciation of contractor-owned equipment on an ex-gratia basis as part of the prolongation costs. The support amount is 0.1% of the awarded contract sum per month of delay for eligible contracts up to $100 million.*

[h] *Productivity Solutions Grant ("PSG") is a temporary scheme introduced by Building and Construction Authority (BCA) to co-fund the eligible local SMEs up to 70% of the qualifying costs of adopting pre-approved digital solutions under the Construction and Facilities Management Industry Digital Plan (IDP).*

[i] *The SkillsFuture Enterprise Credit ("SFEC") encourages employers to invest in enterprise transformation and capabilities of their employees. Eligible employers will receive a one-off S$10,000 credit to cover up to 90% of out-of-pocket expenses on qualifying costs for supportable initiatives, over and above the support levels of existing schemes.*

[j] *Others consists of Co-funding Support for Safe Management Officers (2021: Co-funding Support for Safe Management Officers and Quarantine allowance).*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 26 EXPENSES BY NATURE

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Fees paid/payable to auditor of the Company: | | |
| – Audit services | 179,144 | 165,971 |
| – Non-audit services | 27,504 | 27,811 |
| Purchases of materials | 25,524,527 | 19,351,424 |
| Change in inventories | 95,755 | (1,687,339) |
| Subcontractor costs | 28,709,009 | 19,364,912 |
| Amortisation of intangible assets (Note 15(b)) | 18,488 | 26,487 |
| Depreciation of property, plant and equipment (Note 13) | 4,628,203 | 4,277,513 |
| Employee compensation (Note 27) | 37,393,992 | 35,064,080 |
| Insurance | 1,326,033 | 1,205,650 |
| Professional fees | 5,449,052 | 2,032,769 |
| Property tax and maintenance fee | 934,140 | 842,611 |
| Worksite expenses | 2,101,151 | 2,179,858 |
| Rental expenses (Note 14(b)) | 2,860,507 | 2,261,965 |
| Upkeep of machineries and equipment | 3,368,059 | 1,895,974 |
| Upkeep of motor vehicles and lorries | 1,830,814 | 1,311,696 |
| Security fees | 790,825 | 461,689 |
| Utillities | 369,253 | 354,583 |
| Withholding tax expenses | 172,393 | 131,430 |
| Other expenses | 3,443,255 | 3,269,921 |
| Total cost of sales and administrative expenses | 119,222,104 | 92,539,005 |

## 27 EMPLOYEE COMPENSATION

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Wages and salaries | 32,946,259 | 30,872,468 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 4,447,733 | 4,191,612 |
| | 37,393,992 | 35,064,080 |

## 28 FINANCE EXPENSES

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Interest expense | | |
| – Lease liabilities (Note 14(b)) | 192,216 | 148,734 |
| – Notional interest on loan | 440,146 | 442,153 |
| – Bank loans | 936,506 | 547,243 |
| | 1,568,868 | 1,138,130 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 29 INCOME TAXES

### *(a) Income tax expense*

| | Group 2022 $ | Group 2021 $ |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| – Profit for the financial year: | | |
| Current income tax | | |
| – Singapore | 46,469 | – |
| – Foreign | 510,162 | 790,696 |
| | 556,631 | 790,696 |
| Deferred income tax | | |
| – Singapore (Note 19) | 70,366 | (240,983) |
| – Foreign (Note 19) | (45,082) | (302,324) |
| | 25,284 | (543,307) |
| | 581,915 | 247,389 |
| Under/(Over) provision of income tax in prior financial years: | | |
| – Current income tax – Singapore | 7,367 | (34,000) |
| – Deferred income tax – Singapore (Note 19) | (214,137) | – |
| | (206,770) | (34,000) |
| | 375,145 | 213,389 |

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 2022 $ | Group 2021 $ |
|---|---|---|
| Profit before income tax | 539,606 | 4,448,132 |
| Share of (profit)/loss of joint ventures, net of tax | (19,526) | 3,670 |
| Share of profit of associated companies, net of tax | (695,509) | (354,532) |
| (Loss)/profit before income tax and share of results of associated companies and joint ventures | (175,429) | 4,097,270 |
| Tax calculated at a tax rate of 17% (2021: 17%) | (29,823) | 696,536 |
| Effects of: | | |
| – Different tax rates in other countries | 151,377 | 427,992 |
| – Tax incentives | (681,411) | (257,971) |
| – Income not subject to tax | (715,265) | (1,557,445) |
| – Expenses not deductible for tax purposes | 1,355,881 | 454,991 |
| – Deferred tax assets not recognised | 662,100 | 520,802 |
| – Utilisation of previously unrecognised capital allowances | (163,654) | – |
| – Others | 2,710 | (37,516) |
| Tax charge | 581,915 | 247,389 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 29 INCOME TAXES (CONT'D)

### *(b) Movement in current income tax liabilities*

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| Beginning of financial year | 570,691 | 763,530 | 60,168 | 60,168 |
| Income tax paid | (868,485) | (949,535) | – | – |
| Tax expense | 556,631 | 790,696 | 13,200 | – |
| Under/(over) provision in prior financial years | 7,367 | (34,000) | – | – |
| End of financial year | 266,204 | 570,691 | 73,368 | 60,168 |

## 30 (LOSS)/EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit/(loss) 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/(loss) 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 | |
|---|---|---|
| | 2022 | 2021 |
| Net (loss)/profit attributable to equity holders of the Company | (1,018,636) | $1,514,867 |
| Weighted average number of ordinary shares outstanding for basic earnings per share | 306,961,494 | 306,961,494 |
| Basic and diluted earnings per share (cents per share) | (0.33) | 0.49 |

Potential ordinary shares are anti-dilutive 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 anti-dilutive effect on earnings per share.

## 31 DIVIDENDS

| | Group and Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| *Ordinary dividends paid* | | |
| Final one-tier tax exempt dividend paid in respect of the previous financial year of $0.007 (2021: $0.007) per share | 2,148,731 | 2,148,751 |

At the coming Annual General Meeting on 24 April 2023, a final tax exempt (one-tier) dividend of $0.007 per share amounting to a total of approximately $2,148,731 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 2023.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 32 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 | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Wages and salaries | 2,906,207 | 3,028,438 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 108,114 | 106,295 |
| | 3,014,321 | 3,134,733 |

Included in the above is total compensation to directors of the Company amounting to $2,374,220 (2021: $2,504,700).

## 33 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, 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.

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 ("SGD") and Australian Dollar ("AUD"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD").

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk

#### *(a) Currency risk*

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

| | SGD<br>$ | USD<br>$ | AUD<br>$ | Total<br>$ |
|---|---|---|---|---|
| **2022** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 21,210,782 | 2,863,654 | 1,895,543 | 25,969,979 |
| Trade and other receivables | 29,705,798 | – | 276,717 | 29,982,515 |
| Intra-group receivables | 67,381,991 | – | 18,696,807 | 86,078,798 |
| Other investments at amortised cost | 2,004,910 | – | – | 2,004,910 |
| | 120,303,481 | 2,863,654 | 20,869,067 | 144,036,202 |
| **Financial liabilities** | | | | |
| Borrowings | 22,102,126 | – | 14,608,916 | 36,711,042 |
| Trade and other payables | 33,644,781 | – | 9,499,539 | 43,144,320 |
| Intra-group payables | 67,381,991 | – | 18,696,807 | 86,078,798 |
| | 123,128,898 | – | 42,805,262 | 165,934,160 |
| Net financial (liabilities)/assets | (2,825,417) | 2,863,654 | (21,936,195) | (21,897,958) |
| Currency exposure of financial assets net of those denominated in the respective entities' functional currencies | – | 2,863,654 | – | 2,863,654 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk (cont'd)

#### *(a) Currency risk (cont'd)*

| | SGD<br>$ | USD<br>$ | AUD<br>$ | Total<br>$ |
|---|---|---|---|---|
| **2021** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 45,190,214 | 2,882,595 | 2,957,974 | 51,030,783 |
| Trade and other receivables | 18,248,222 | – | 59,636 | 18,307,858 |
| Intra-group receivables | 55,839,562 | – | 19,611,413 | 75,450,975 |
| | 119,277,998 | 2,882,595 | 22,629,023 | 144,789,616 |
| **Financial liabilities** | | | | |
| Borrowings | 21,997,381 | – | 18,426,220 | 40,423,601 |
| Trade and other payables | 26,194,568 | – | 9,809,616 | 36,004,184 |
| Intra-group payables | 55,839,562 | – | 19,611,413 | 75,450,975 |
| | 104,031,511 | – | 47,847,249 | 151,878,760 |
| Net financial assets/(liabilities) | 15,246,487 | 2,882,595 | (25,218,226) | (7,089,144) |
| Currency exposure of financial assets net of those denominated in the respective entities' functional currencies | – | 2,882,595 | – | 2,882,595 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk (cont'd)

#### *(a) Currency risk (cont'd)*

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

| | SGD<br>$ | USD<br>$ | Total<br>$ |
|---|---|---|---|
| **2022** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 673,012 | 787,699 | 1,460,711 |
| Trade and other receivables | 18,913,300 | – | 18,913,300 |
| | 19,586,312 | 787,699 | 20,374,011 |
| **Financial liabilities** | | | |
| Borrowings | 3,450,000 | – | 3,450,000 |
| Trade and other payables | 2,855,261 | – | 2,855,261 |
| | 6,305,261 | – | 6,305,261 |
| Net financial assets | 13,281,051 | 787,699 | 14,068,750 |
| Currency exposure of financial assets | – | 787,699 | 787,699 |
| **2021** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 2,723,720 | 788,825 | 3,512,545 |
| Trade and other receivables | 19,490,443 | – | 19,490,443 |
| | 22,214,163 | 788,825 | 23,002,988 |
| **Financial liabilities** | | | |
| Borrowings | 4,050,000 | – | 4,050,000 |
| Trade and other payables | 2,941,210 | – | 2,941,210 |
| | 6,991,210 | – | 6,991,210 |
| Net financial assets | 15,222,953 | 788,825 | 16,011,778 |
| Currency exposure of financial assets | – | 788,825 | 788,825 |

If the USD changes against the SGD by 1% (2021: 2%) with all other variables including tax rate being held constant, the effect arising from the net financial asset position of the Group and the Company will be $23,768 (2021: $47,851) and $6,538 (2021: $13,094) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (i) Market risk (cont'd)

#### *(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 and bank loans with financial institutions. 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 ranged from 0.03% to 4.40% per annum (2021: 0.05% to 1.70% per annum). If the interest rates had increased/decreased by 0.5% (2021: 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 $145,000 (2021: $187,000).

The effective interest rates for bank loans ranged from 1.43% to 4.92% (2021: 1.37% to 2.05%) per annum. If the interest rates had increased/decreased by 0.5% (2021: 0.5%) with all other variables including tax rate being held constant, the effect to net profit as a result of higher/lower interest expense on these bank loans will be approximately higher/lower by $139,000 (2021: $165,000).

#### *(c) Price risks*

The Group and the Company do not have exposure to equity price risk as the Group and the Company do not hold any equity financial assets.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk (cont'd)

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 | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Corporate guarantees provided to banks for subsidiary corporations' banking facilities | | |
| – Lease liabilities (Notes 18 and 36) | 5,901,406 | 5,636,480 |
| – Bank loans (Notes 18 and 36) | 29,036,693 | 34,020,664 |

*Concentration on credit risk*

The trade receivables of the Group comprise of 2 debtors (2021: 2 debtors) that individually represented 47% – 52% (2021: 42% – 45%) of trade receivables.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $ | $ | $ | $ |
| By geographical areas | | | | |
| Singapore | 12,826,992 | 3,682,173 | 6,432,947 | 8,191,680 |
| By types of customers | | | | |
| Non-related parties | | | | |
| – Government bodies | 12,683,611 | 3,206,557 | – | – |
| – Non-government bodies | 143,381 | 70,798 | – | – |
| Subsidiary corporations | – | – | 6,432,947 | 8,191,680 |
| Joint ventures | – | 404,818 | – | – |
| | 12,826,992 | 3,682,173 | 6,432,947 | 8,191,680 |

*Trade receivables and contract assets*

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables and contract assets.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk (cont'd)

*Trade receivables and contract assets (cont'd)*

The following table provides information about the exposure to credit risk and ECLs for current trade receivables and contract assets as at 31 December 2022 and 2021:

| | Weighted average loss rate | Trade receivables | Contract assets | Gross carrying amount | Impairment loss allowance | Credit impaired |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | |
| **2022** | | | | | | |
| **Group** | | | | | | |
| Current (not past due) | – | 386,159 | 23,978,780 | 24,364,939 | – | No |
| Past due <3 months | – | 12,440,833 | – | 12,440,833 | – | No |
| | | 12,826,992 | 23,978,780 | 36,805,772 | – | |
| **Company** | | | | | | |
| Current (not past due) | – | 6,432,947 | – | 6,432,947 | – | No |
| **2021** | | | | | | |
| **Group** | | | | | | |
| Current (not past due) | – | 586,301 | 15,583,990 | 16,170,291 | – | No |
| Past due <3 months | – | 3,095,872 | – | 3,095,872 | – | No |
| | | 3,682,173 | 15,583,990 | 19,266,163 | – | |
| **Company** | | | | | | |
| Current (not past due) | – | 8,191,680 | – | 8,191,680 | – | No |

Management believes that, based on their internal credit risk ratings, there is no credit loss allowance necessary in respect of the trade receivables and contract assets as they arose mainly from customers that have low default risk on billings and payments and a good record with the Group.

The Company's trade receivables from subsidiary corporations of the Company are provided under the overall group treasury strategy. The Group has sufficient financial assets and other committed credit lines to meet the cash flow needs of the Group. There is no loss allowance arising from these outstanding balances as the ECL is not significant.

*Other financial assets, at amortised cost*

The Group's and the Company's other financial assets recognised at amortised cost mainly comprised of non-trade receivables (other than non-trade receivables from subsidiary corporations and associated companies, other investments at amortised cost) and deposits. The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each balance sheet date, the Group and the Company assess whether the credit risk of these financial assets has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk (cont'd)

*Other financial assets, at amortised cost (cont'd)*

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group or the Company, and a failure to make contractual payments.

As at 31 December 2022 and 2021, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default and an assessment of impairment using the 12-month ECL basis on these financial assets. The Group and the Company concluded that no loss allowance is required to be provided for these financial assets.

*Other receivables from subsidiary corporations*

Other receivables from subsidiary corporations are provided mainly for short term funding requirements. The Company uses similar approach as described for *Other financial assets, at amortised cost* for assessment of ECL for these receivables. Impairment on remaining balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The Company concluded that the loss allowance provided for other receivables from subsidiary corporations is adequate, as there is no reasonable ground to recover the receivables from these subsidiary corporations.

The movements in loss allowance are as follows:

| | Company | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Beginning and end of financial year | 687,863 | 687,863 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (ii) Credit risk (cont'd)

*Loans to associated companies*

Loan receivables from associated companies are provided mainly for the purpose of operating and development activities in their respective fields. The Group uses similar approach as described for *Other financial assets, at amortised cost* for assessment of ECL for these receivables.

The Group monitors the credit risk of the associated companies based on the financial capacity to meet the contractual obligation. The Group determined that there is an under-performing associated company with significant increase in credit risk since initial recognition. Impairment of the loan to the associated company has been measured on lifetime ECL basis. Accordingly, an impairment of $500,000 has been recognised during the current financial year.

The movements in loss allowance are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Beginning of financial year | – | – |
| Impairment loss recognised during the financial year | 500,000 | – |
| End of financial year (Note 12) | 500,000 | – |

*Other investments at amortised cost*

Other investments at amortised cost amounting to $2,004,910 (2021: Nil) is considered as "low credit risk" because the issuer is with high credit quality rating. Hence, no loss allowance is required to be provided for such financial assets.

*Cash and cash equivalents*

Cash and cash equivalents are placed only with reputable licensed financial institutions with high credit-ratings. The cash balances are measured on a 12-month ECL and subjected to immaterial credit loss.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 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 $ |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| Trade and other payables | 28,076,322 | – | 15,427,419 | 43,503,741 |
| Borrowings | 17,322,977 | 4,698,364 | 18,652,012 | 40,673,353 |
| | 45,399,299 | 4,698,364 | 34,079,431 | 84,177,094 |
| **2021** | | | | |
| Trade and other payables | 20,729,433 | – | 16,090,367 | 36,819,800 |
| Borrowings | 17,343,549 | 19,992,084 | 4,232,987 | 41,568,620 |
| | 38,072,982 | 19,992,084 | 20,323,354 | 78,388,420 |
| **Company** | | | | |
| **2022** | | | | |
| Trade and other payables | 2,855,261 | – | – | 2,855,261 |
| **2021** | | | | |
| Trade and other payables | 2,941,210 | – | – | 2,941,210 |

### (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 payments, 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 2021, 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (iv) Capital risk (cont'd)

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Group** | | |
| *Net debt* | | |
| Borrowings (Note 18) | 36,711,042 | 40,423,601 |
| Trade and other payables (Note 17) | 43,144,320 | 36,004,184 |
| | 79,855,362 | 76,427,785 |
| Less: Cash and cash equivalents (Note 4) | (25,969,979) | (51,030,783) |
| Net debt | 53,885,383 | 25,397,002 |
| **Total capital** | | |
| Net debt | 53,885,383 | 25,397,002 |
| Total equity | 123,714,450 | 125,271,826 |
| Total capital | 177,599,833 | 150,668,828 |
| Gearing ratio | 30% | 17% |
| **Company** | | |
| *Net debt* | | |
| Borrowings (Note 18) | 3,450,000 | 4,050,000 |
| Trade and other payables (Note 17) | 2,855,261 | 2,941,210 |
| | 6,305,261 | 6,991,210 |
| Less: Cash and cash equivalents (Note 4) | (1,460,711) | (3,512,545) |
| Net debt | 4,844,550 | 3,478,665 |
| **Total capital** | | |
| Net debt | 4,844,550 | 3,478,665 |
| Total equity | 46,572,123 | 48,311,352 |
| Total capital | 51,416,673 | 51,790,017 |
| Gearing ratio | 9% | 7% |

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

### (v) Fair value measurements

Assets and liabilities are recognised and measured 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).

Fair value disclosures of assets that are recognised or measured at fair value is disclosed at Notes 11, 12 and 16 to the financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### (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 notes to the financial statements, except for the following:

| | Group<br>$ | Company<br>$ |
|---|---|---|
| **2022** | | |
| Financial assets, at amortised cost | 57,957,404 | 20,374,011 |
| Financial liabilities, at amortised cost | 79,855,362 | 6,305,261 |
| **2021** | | |
| Financial assets, at amortised cost | 69,338,641 | 23,002,988 |
| Financial liabilities, at amortised cost | 76,427,785 | 6,991,210 |

## 34 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 and Australia.

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 and airports infrastructure.

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.

Rental income – It relates to income received for rental of investment properties.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 34 SEGMENT INFORMATION (CONT'D)

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Construction $ | Maintenance $ | Rental income $ | Total $ | Construction $ | Maintenance $ | Rental income $ | Total $ |
| **Group** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Total segment revenue | 138,230,971 | 29,455,561 | 6,269,876 | 173,956,408 | 92,477,472 | 26,405,121 | 7,069,750 | 125,952,343 |
| Inter-segment revenue | (56,310,608) | – | – | (56,310,608) | (35,917,560) | – | – | (35,917,560) |
| Revenue from external parties | 81,920,363 | 29,455,561 | 6,269,876 | 117,645,800 | 56,559,912 | 26,405,121 | 7,069,750 | 90,034,783 |
| Gross profit/(loss) | 2,848,484 | 4,041,261 | 3,927,838 | 10,817,583 | (1,806,073) | 3,859,614 | 4,739,893 | 6,793,434 |
| Other gains | | | | | | | | |
| – Allocated | – | – | 1,609,361 | 1,609,361 | – | – | 4,371,519 | 4,371,519 |
| – Unallocated | | | | 2,974,165 | | | | 4,408,453 |
| Other losses | | | | | | | | |
| – Allocated | – | – | – | – | – | – | – | – |
| – Unallocated | | | | (1,613,783) | | | | (1,040,350) |
| Administrative expense | | | | | | | | |
| – Allocated | – | – | (356,413) | (356,413) | – | – | (322,650) | (322,650) |
| – Unallocated | | | | (12,037,474) | | | | (8,975,006) |
| Share of profit/(loss) of joint ventures | | | | 19,526 | | | | (3,670) |
| Share of profit of associated companies | | | | 695,509 | | | | 354,532 |
| | | | | 2,108,474 | | | | 5,586,262 |
| Finance expense | | | | | | | | |
| – Allocated | – | – | (1,272,410) | (1,272,410) | – | – | (989,396) | (989,396) |
| – Unallocated | | | | (296,458) | | | | (148,734) |

## 34 SEGMENT INFORMATION (CONT'D)

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Construction | Maintenance | Rental income | Total | Construction | Maintenance | Rental income | Total |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Group (cont'd)** | | | | | | | | |
| Profit before income tax | | | | 539,606 | | | | 4,448,132 |
| Income tax expense | | | | | | | | |
| – Allocated | – | – | (498,316) | (498,316) | – | – | (488,732) | (488,732) |
| – Unallocated | | | | 123,171 | | | | 274,983 |
| Net profit | | | | 164,461 | | | | 4,234,383 |
| Depreciation of property, plant and equipment | 3,593,697 | 594,706 | – | 4,188,403 | 2,904,746 | 905,663 | – | 3,810,409 |
| Amortisation of intangible assets | 8,560 | – | – | 8,560 | 16,560 | – | – | 16,560 |
| **Segment assets** | 33,676,029 | 7,661,948 | 83,365,316 | 124,703,293 | 17,210,899 | 6,859,519 | 82,882,045 | 106,952,463 |
| Additions to: | | | | | | | | |
| – Property, plant and equipment | 1,085,916 | 37,767 | – | 1,123,683 | 2,625,235 | 47,906 | – | 2,673,141 |
| – Investment properties | – | – | – | – | – | – | 26,379,527 | 26,379,527 |
| **Segment liabilities** | 14,959,493 | 7,551,629 | 44,687,181 | 67,198,303 | 11,130,006 | 5,947,528 | 49,800,284 | 66,877,818 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 34 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.

**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 (goodwill), contract assets, trade receivables and inventories. All assets are allocated to reportable segments other than cash and cash equivalents (partial), deposits, prepayments, other receivables, intangible assets (computer software licences), loan to associated companies and joint ventures, investments in associated companies and joint ventures, other investments at amortised cost and property, plant and equipment (partial).

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Segment assets for reportable segments | 124,703,293 | 106,952,463 |
| Unallocated: | | |
| – Cash and cash equivalents | 22,577,447 | 47,638,251 |
| – Deposits, prepayments, and other receivables | 3,533,254 | 2,766,379 |
| – Intangible assets (computer software licences) | 6,959 | 11,599 |
| – Loan to associated companies and joint ventures | 13,490,357 | 11,775,080 |
| – Investments in associated companies and joint ventures | 1,565,805 | 947,556 |
| – Property, plant and equipment | 37,019,253 | 33,042,346 |
| – Other investments at amortised cost | 2,004,910 | – |
| | 204,901,278 | 203,133,674 |

**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 segments. All liabilities are allocated to the reportable segments other than other payables, income tax liabilities, deferred income tax liabilities and borrowings (partial).

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Segment liabilities for reportable segments | 67,198,303 | 66,877,818 |
| Unallocated: | | |
| – Other payables | 5,310,118 | 3,693,502 |
| – Current income tax liabilities | 266,204 | 570,691 |
| – Deferred income tax liabilities | 1,065,262 | 863,372 |
| – Borrowings | 7,346,941 | 5,856,465 |
| | 81,186,828 | 77,861,848 |

Revenue of $44,845,416 (2021: $35,242,170), $23,362,359 (2021: $15,498,851) and $5,575,315 (2021: $6,462,309) are derived from mainly three external customers which is attributable to construction, maintenance and rental income segments respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 34 SEGMENT INFORMATION (CONT'D)

**Geographical Information**

Geographical segments are analysed by two principal geographical areas, namely Singapore and Australia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location where the revenue is generated. Segment non-current assets and segment assets are based on the geographical location of the assets.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| Group | Singapore $ | Australia $ | Total $ | Singapore $ | Australia $ | Total $ |
| Segment revenue | 112,070,485 | 5,575,315 | 117,645,800 | 83,572,474 | 6,462,309 | 90,034,783 |
| Segment non- current assets | 95,162,266 | 40,263,486 | 135,425,752 | 83,242,950 | 43,565,889 | 126,808,839 |
| Segment assets | 163,737,277 | 41,164,001 | 204,901,278 | 158,675,572 | 44,458,102 | 203,133,674 |

## 35 COMMITMENTS

**(i) Capital commitments**

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | 2022 $ | 2021 $ |
| Property, plant and equipment | 1,220,394 | 3,732,870 |

**(ii) Operating lease commitments – where the Group is a lessee**

The Group leases land and office equipment from non-related parties under non-cancellable operating lease agreements.

The future minimum lease payables for low-value and short-term leases under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

| | Group | |
|---|---|---|
| | 2022 $ | 2021 $ |
| Not later than one year | 232,407 | 154,540 |
| Between one and five years | 59,537 | 44,871 |
| | 291,944 | 199,411 |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 35 COMMITMENTS (CONT'D)

### (iii) Operating lease commitments – where the Group is a lessor

The Group has leased out their owned investment properties to non-related parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred. The leases have remaining non-cancellable lease terms of up to 2 years to 7 years.

Rental income from investment properties are disclosed in Note 11 to the financial statements.

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$** | **$** |
| Not later than one year | 5,135,550 | 4,479,975 |
| Between one and five years | 5,578,038 | 9,324,508 |
| Total undiscounted lease payments | 10,713,588 | 13,804,483 |

## 36 CORPORATE GUARANTEE

### (i) Corporate guarantees

The Company has issued corporate guarantees to banks and financing institutions to secure the subsidiary corporations' and an associated company's certain lease arrangement and bank borrowings amounting to $34,938,099 (2021: $39,657,144).

The corporate guarantees issued were not recognised in the financial statements as no value has been placed on the guarantees provided by the Company, considering that the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote.

### (ii) 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.

## 37 EVENTS OCCURING AFTER REPORTING DATE

On 6 March 2023, the Group's wholly-owned subsidiary corporation, Or Kim Peow Contractors (Private) Limited ("OKPC") has received the outcome on the arbitration proceedings against CPG Consultants Pte Ltd ("CPG"), the design consultant engaged by OKPC to provide design services in respect of Contract ER449A incident. A total settlement sum approximately to $43,792,422, inclusive of the legal costs and costs of the arbitration been ordered by the Arbitration Tribunal to pay to OKPC within 28 days from 3 March 2023.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 38 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 2023 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17: Insurance Contracts
- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 16: Lease liability in a sale and leaseback
- Amendments to SFRS(I) 1-1: Non-current liabilities with covenants

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 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*

# LETTER TO SHAREHOLDERS

OKP HOLDINGS LIMITED
胡金標控股有限公司
(Incorporated in the Republic of Singapore)
(Company Registration No. 200201165G)

**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

31 March 2023

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 of OKP Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 31 March 2023 in respect of the annual general meeting ("**2023 AGM**") to be held on Monday, 24 April 2023 at 11.00 am at 30 Tagore Lane Singapore 787484 and Resolution 10 set out under "Special Business" in the Notice of the said AGM.

**1. INTRODUCTION**

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 20 April 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held in subsequent years, with the last renewal on 25 April 2022. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming Twenty-First AGM (2023 AGM) to be held on 24 April 2023.

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.

The Company has appointed Vincent Lim & Associates LLC as the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate.

# LETTER TO SHAREHOLDERS (CONT'D)

## 2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity 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 2023 AGM, are summarised below:–

(a) <u>Maximum Number of Shares</u>

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 and subsidiary holdings) as at the date of the 2023 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 1967 (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 and subsidiary holdings). "**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 2023 (the "**Latest Practicable Date**"), the Company had 306,961,494 issued Shares (excluding treasury shares) and no subsidiary holdings, and thus up to 30,696,149 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2023 AGM.

(b) <u>Duration of Authority</u>

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.

# LETTER TO SHAREHOLDERS (CONT'D)

(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.

# LETTER TO SHAREHOLDERS (CONT'D)

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the **"Maximum Price"**) in either case, excluding related expenses of the purchase.

For the above purposes:–

**"Average Closing Price"** means the average of the closing market prices of a Share over the last five 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 during such five-market day period and the day on which the Market Purchase is made;

**"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. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

# LETTER TO SHAREHOLDERS (CONT'D)

(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.

# LETTER TO SHAREHOLDERS (CONT'D)

**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 30,696,149 Shares, representing 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on 31 December 2022;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.167 for each Share (being 105% of the Average Closing Price as at 31 December 2022) or via Off-Market Purchases at the Maximum Price of $0.186 for each Share (being 120% of the Highest Last Dealt Price as at 31 December 2022);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to $5,126,257 for Market Purchases or $5,709,484 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 2022 ("**FY2022**"), are set out below.

# LETTER TO SHAREHOLDERS (CONT'D)

## 6. FINANCIAL EFFECTS (CONT'D)

***Scenario 1***

*Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares*

| | Group | | Company | |
|---|---|---|---|---|
| **As at 31 December 2022** | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| Share capital | 36,832 | 36,832 | 36,832 | 36,832 |
| Other reserves | 3,660 | 3,660 | – | – |
| Retained profits | 78,502 | 78,502 | 9,975 | 9,975 |
| | 118,994 | 118,994 | 46,807 | 46,807 |
| Non-controlling interests | 4,956 | 4,956 | – | – |
| | 123,950 | 123,950 | 46,807 | 46,807 |
| Treasury shares | (235) | (5,361) | (235) | (5,361) |
| Shareholders' funds | 123,715 | 118,589 | 46,572 | 41,446 |
| | | | | |
| Current assets | 69,476 | 64,350 | 19,250 | 17,789 |
| Current liabilities | 44,174 | 44,174 | 6,379 | 6,379 |
| Cash and cash equivalents | 25,970 | 20,844 | 1,461 | – |
| Working capital | 25,302 | 20,176 | 12,871 | 11,410 |
| Total borrowings[(1)] | 36,711 | 36,711 | 3,450 | 3,450 |
| Net tangible assets[(2)] | 122,008 | 116,882 | 46,565 | 41,439 |
| Net (loss)/profit after tax attributable to shareholders of the Company | (1,019) | (1,019) | 410 | 410 |
| Number of Shares ('000) | 306,961 | 276,265 | 306,961 | 276,265 |
| Weighted average number of Shares ('000) | 306,961 | 276,265 | 306,961 | 276,265 |
| | | | | |
| **Financial Ratios** | | | | |
| Net tangible assets per Share (cents) | 39.75 | 42.31 | 15.17 | 15.00 |
| (Loss)/earnings per Share[(3)] (cents) | (0.33) | (0.37) | 0.13 | 0.15 |
| Gearing ratio[(4)] (times) | 0.30 | 0.31 | 0.07 | 0.08 |
| Current ratio[(5)] (times) | 1.57 | 1.46 | 3.02 | 2.79 |

**Notes:–**

(1) Total borrowings relate to finance leases, operating leases and bank borrowing.

(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 weighted average number of shares.

(4) Gearing ratio equals total borrowings divided by shareholders' funds.

(5) Current ratio equals current assets divided by current liabilities.

# LETTER TO SHAREHOLDERS (CONT'D)

**6. FINANCIAL EFFECTS (CONT'D)**

***Scenario 2***

*Off-Market Purchases of 30,696,149 Shares made entirely out of capital and held as treasury shares*

| | Group | | Company | |
|---|---|---|---|---|
| **As at 31 December 2022** | **Before Share Purchase $'000** | **After Share Purchase $'000** | **Before Share Purchase $'000** | **After Share Purchase $'000** |
| Share capital | 36,832 | 36,832 | 36,832 | 36,832 |
| Other reserves | 3,660 | 3,660 | – | – |
| Retained profits | 78,502 | 78,502 | 9,975 | 9,975 |
| | 118,994 | 118,994 | 46,807 | 46,807 |
| Non-controlling interests | 4,956 | 4,956 | – | – |
| | 123,950 | 123,950 | 46,807 | 46,807 |
| Treasury shares | (235) | (5,945) | (235) | (5,944) |
| Shareholders' funds | 123,715 | 118,005 | 46,572 | 40,863 |
| Current assets | 69,476 | 63,766 | 19,250 | 17,789 |
| Current liabilities | 44,174 | 44,174 | 6,379 | 6,379 |
| Cash and cash equivalents | 25,970 | 20,260 | 1,461 | – |
| Working capital | 25,302 | 19,592 | 12,871 | 11,410 |
| Total borrowings[(1)] | 36,711 | 36,711 | 3,450 | 3,450 |
| Net tangible assets[(2)] | 122,008 | 116,299 | 46,565 | 40,856 |
| Net (loss)/ profit after tax attributable to shareholders of the Company | (1,019) | (1,019) | 410 | 410 |
| Number of Shares ('000) | 306,961 | 276,265 | 306,961 | 276,265 |
| Weighted average number of Shares ('000) | 306,961 | 276,265 | 306,961 | 276,265 |
| **Financial Ratios** | | | | |
| Net tangible assets per Share (cents) | 39.75 | 42.10 | 15.17 | 14.79 |
| Earnings per Share[(3)] (cents) | (0.33) | (0.37) | 0.13 | 0.15 |
| Gearing ratio[(4)] (times) | 0.30 | 0.31 | 0.07 | 0.08 |
| Current ratio[(5)] (times) | 1.57 | 1.44 | 3.02 | 2.79 |

**Notes:–**

(1) Total borrowings relate to finance leases, operating leases and bank borrowing.

(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 weighted average number of 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 FY2022 numbers and is not necessarily representative of the Company's or the Group's future financial performance.**

# LETTER TO SHAREHOLDERS (CONT'D)

## 7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five 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 during the relevant five-day period and the day on which the purchases were made. 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 one month immediately preceding the announcement of the Company's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant financial statements.

## 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, preference shares and convertible equity securities) 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 89,107,084 issued Shares in the hands of the public (as defined above), representing 29.03% of the total number of issued Shares (excluding treasury 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 58,410,935 Shares, representing 21.14% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 1,469,100 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.

# LETTER TO SHAREHOLDERS (CONT'D)

**9. TAX IMPLICATIONS**

(a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act 1947 (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) <u>Obligation to Make a Take-over Offer</u>

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 (**"TOC Appendix 2"**) of the Take-over Code.

# LETTER TO SHAREHOLDERS (CONT'D)

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 56.92% 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.**

# LETTER TO SHAREHOLDERS (CONT'D)

## 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. 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** | **%[1]** | **Number of Shares** | **%[1]** |
| **Directors** | | | | |
| Or Kim Peow[2] | 757,000 | 0.25 | 168,566,910 | 54.91 |
| Or Toh Wat | 322,000 | 0.10 | – | – |
| Ang Beng Tin | 323,500 | 0.11 | – | – |
| 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[3] | – | – | 38,000 | 0.01 |
| **Substantial Shareholders (other than Directors)** | | | | |
| Or Kim Peow Investments Pte Ltd | 168,566,910 | 54.91 | – | – |
| CS International (S) Pte. Ltd.[4] | 43,125,000 | 14.05 | – | – |

**Notes:**
(1) As a percentage of the total number of 306,961,494 issued Shares (excluding 1,469,100 treasury shares).
(2) 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.
(3) 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.
(4) 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.

# LETTER TO SHAREHOLDERS (CONT'D)

**14. DIRECTORS' RECOMMENDATIONS**

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2023 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 2023 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2022; 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 2023

| | | |
|---|---|---|
| Issued and paid-up capital | : | $36,832,301 |
| Number of issued shares | : | 308,430,594 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |

The Company holds 1,469,100 treasury shares and there are no subsidiary holdings. The treasury shares constitute 0.48% of the total number of issued shares of the Company.

### DISTRIBUTION OF SHAREHOLDINGS
(As at 7 March 2023)

| Size of Shareholdings | No of Shareholders | % | No of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 309 | 12.00 | 3,093 | 0.00 |
| 100 - 1,000 | 96 | 3.73 | 62,660 | 0.02 |
| 1,001 - 10,000 | 894 | 34.72 | 5,307,162 | 1.72 |
| 10,001 - 1,000,000 | 1,265 | 49.12 | 67,306,437 | 21.93 |
| 1,000,001 and above | 11 | 0.43 | 234,282,142 | 76.32 |
| **Total** | **2,575** | **100.00** | **306,961,494** | **100.00** |

The above shareholdings do not include 1,469,100 treasury shares held by the Company.

### SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 7 March 2023)

| | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Or Kim Peow Investments Pte. Ltd. | 168,566,910 | 54.91 | – | – |
| CS International (S) Pte. Ltd. (1) | 43,125,000 | 14.05 | – | – |
| Or Kim Peow (2) | 757,000 | 0.25 | 168,566,910 | 54.91 |

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 1967.

(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 1967.

# STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 7 MARCH 2023

## TWENTY LARGEST SHAREHOLDERS

(As at 7 March 2023)

| No | Name | No of Shares | % |
|---|---|---|---|
| 1 | Or Kim Peow Investments Pte Ltd | 168,566,910 | 54.91 |
| 2 | CS International (S) Pte. Ltd. | 43,125,000 | 14.05 |
| 3 | DBS Nominees (Private) Limited | 6,348,064 | 2.07 |
| 4 | HSBC (Singapore) Nominees Pte Ltd | 4,849,300 | 1.58 |
| 5 | Raffles Nominees (Pte.) Limited | 2,223,500 | 0.72 |
| 6 | Oh Kim Poy | 1,909,500 | 0.62 |
| 7 | OCBC Nominees Singapore Private Limited | 1,834,418 | 0.60 |
| 8 | Lim Bee Kim | 1,661,500 | 0.54 |
| 9 | United Overseas Bank Nominees (Private) Limited | 1,620,900 | 0.53 |
| 10 | Citibank Nominees Singapore Pte Ltd | 1,080,500 | 0.35 |
| 11 | Or Lay Tin | 1,062,550 | 0.35 |
| 12 | Chan Chee Meng | 858,600 | 0.28 |
| 13 | Ng Kah Hock (Huang Jiafu) | 823,100 | 0.27 |
| 14 | Chua Kim Tiong | 757,500 | 0.25 |
| 15 | Or Kim Peow | 757,000 | 0.25 |
| 16 | Seng Hong Noi | 715,900 | 0.23 |
| 17 | Phillip Securities Pte Ltd | 691,865 | 0.23 |
| 18 | Quek Kok Kwang (Guo Guoguang) | 596,000 | 0.19 |
| 19 | Or Lay Wah Elaine | 593,950 | 0.19 |
| 20 | Thomwin | 588,400 | 0.19 |
| | **Total** | **240,664,457** | **78.40** |

## RULE 723 OF THE SGX LISTING MANUAL - FREE FLOAT

Based on the information provided to the Company as at 7 March 2023, there were approximately 89,107,084 shares held in the hands of the public as defined in the SGX Listing Manual, representing 29.03% of the total number of issued shares (excluding treasury shares) of the Company. Accordingly, Rule 723 of the SGX Listing Manual has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-First Annual General Meeting (the "**AGM**") of OKP HOLDINGS LIMITED (the "**Company**") will be held at 30 Tagore Lane, Singapore 787484 on Monday, 24 April 2023 at 11.00 a.m. for the following purposes:–

## AS ORDINARY BUSINESS

**Resolution 1**

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2022 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 (2021: $0.007) per ordinary share for the financial year ended 31 December 2022.

**Resolution 3**

3. To re-elect Mr Or Kim Peow who is retiring by rotation pursuant to Regulation 107 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.
   [see Explanatory Note (i)]

**Resolution 4**

4. To re-elect Mr Or Kiam Meng who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.
   [see Explanatory Note (i)]

**Resolution 5**

5. To re-elect Dr Chen Seow Phun, John who is retiring by rotation pursuant to Regulation 107 of the Constitution and who, being eligible, offers himself for re-election as a Director.
   [see Explanatory Note (i)]

**Resolution 6**

6. To approve the payment of Directors' fees of $180,000 (2021: $180,000) for the financial year ended 31 December 2022.

**Resolution 7**

7. To re-appoint CLA Global TS Public Accounting Corporation (formerly 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.

## AS SPECIAL BUSINESS

**Resolution 8**

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:–

   "Authority to allot and issue shares

   That pursuant to Section 161 of the Companies Act 1967 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

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:–

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and 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

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

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

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

**Resolution 9**
10. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:–

"<u>Authority to allot and issue shares pursuant to the OKP Performance Share Scheme</u>

That the Directors of the Company be and are hereby authorised to grant awards in accordance with the provisions of the OKP Performance Share Scheme (the "**Scheme**") and to deliver from time to time such number of fully-paid shares, by transferring existing shares held as treasury shares and/or allotting and issuing new shares, as may be required to be delivered pursuant to the vesting of the awards under the Scheme, provided that the aggregate number of shares delivered under the Scheme, when added to the number of shares delivered and/or to be delivered in respect of all awards granted under the Scheme and all other shares delivered and/or to be delivered under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time."
[see Explanatory Note (iii)]

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**Resolution 10**

11. 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 1967 (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 treasury shares and subsidiary holdings) 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 treasury shares and subsidiary holdings);

"**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,

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 during such five-Market Day period and the day on which the Market Purchase is made;

"**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 (iv)]

BY ORDER OF THE BOARD

VINCENT LIM
Company Secretary
Singapore
31 March 2023

**EXPLANATORY NOTES:–**

(i) Detailed information on Mr Or Kim Peow, Mr Or Kiam Meng and Dr Chen Seow Phun, John who are proposed to be re-elected as Directors of the Company can be found under the sections, "Our Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-election", of the Company's Annual Report.

Dr Chen Seow Phun, John will, upon re-election as a Director, remain as the chairman of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(ii) Ordinary Resolution 8, if passed, will 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 and subsidiary holdings) 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 and subsidiary holdings) 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 or share options or vesting of share awards which were issued and 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 (b) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(iii) Ordinary Resolution 9, if passed, will empower the Directors to grant awards under the OKP Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the aggregate number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(iv) Ordinary Resolution 10, if passed, 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:–**

1. Members of the Company are invited to attend the AGM in person. There will be no option for members to participate by electronic means. Printed copies of the Annual Report 2022 (including the Notice of AGM and Proxy Form) will not be sent to members but will be made available to members upon request. The Annual Report 2022 (including the Notice of AGM and Proxy Form) will be published on the SGX website at www.sgx.com and on the Company's website at www.okph.com.

2. Unless otherwise permitted under the Companies Act 1967 of Singapore (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.

3. A member who is a relevant intermediary (as defined in Section 181 of 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. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form.

5. If the member is a corporation, the Proxy Form must be executed under its common seal or signed by its duly authorised officer or attorney.

6. The duly completed and executed Proxy Form must be submitted:

   (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or

   (b) by electronic mail to agm2023@okph.com,

   in either case, to be received not less than 72 hours before the time appointed for holding the AGM, failing which the Proxy Form will be treated as invalid.

7. In addition to asking questions during the AGM proceedings, members can also submit questions relating to the resolutions to be tabled for approval at the AGM in the following manner:

   (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or

   (b) by electronic mail to agm2023@okph.com,

   in either case, so that they are received no later than **5.00 p.m. on 10 April 2023**.

   When the questions are submitted, the member's full name, identification/registration number and manner in which shares are held must be included for verification purposes, failing which the submission will be treated as invalid. The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM by 18 April 2023. The Company will publish the response to the questions on SGXNet and the Company's website.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. Investors who hold shares under the Central Provident Fund ("**CPF**") Investment Scheme and/or the Supplementary Retirement Scheme ("**SRS**") and who wish to vote, should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the date of the AGM.

**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.

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Or Kim Peow, Mr Or Kiam Meng and Dr Chen Seow Phun, John are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 24 April 2023 **("AGM")** (collectively, the **"Retiring Directors"** and each a **"Retiring Director").**

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST relating to the Retiring Directors is set out below:

| | **Mr Or Kim Peow** | **Mr Or Kiam Meng** | **Dr Chen Seow Phun, John** |
|---|---|---|---|
| Date of appointment | 15 February 2002 | 20 March 2002 | 25 June 2002 |
| Date of last re-election | 27 April 2020 | 27 April 2020 | 27 April 2020 |
| Age | 88 | 58 | 69 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company, having considered, among others, the recommendation of the Nominating Committee ("**NC**") and the qualifications, work experience and competencies of Mr Or Kim Peow, is of the view that Mr Or is suitable for re-election as Director of the Company. | The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Or Kiam Meng, is of the view that Mr Or is suitable for re-election as Director of the Company. | The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Dr Chen Seow Phun, John, is of the view that Dr Chen is suitable for re-election as Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility | Executive<br><br>Responsible for overseeing the overall management and strategic development of the Group. | Executive<br><br>Responsible for overseeing the daily site management and operations of Or Kim Peow Contractors (Pte) Ltd, one of the Group's principal subsidiary corporations. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Group Chairman | Executive Director | Lead Independent Director, Chairman of the Audit Committee and member of the Nominating and Remuneration Committees |
| Professional qualifications | – | Diploma in Building | Doctor of Philosophy in Electrical Engineering |
| Working experience and occupation(s) during the past 10 years | February 2002 to present: Group Chairman of OKP Holdings Limited | March 2002 to present: Executive Director of OKP Holdings Limited | Dr Chen Seow Phun, John is currently the Executive Chairman of Pavillon Holdings Limited and the Chairman of SAC Capital Private Limited. He also sits on the boards of a number of publicly listed companies.<br>He was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

| | Mr Or Kim Peow | Mr Or Kiam Meng | Dr Chen Seow Phun, John |
|---|---|---|---|
| | | | 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. |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest in 757,000 shares and deemed interest in 168,566,910 shares of the Company | Direct interest in 322,000 shares of the Company | Deemed interest in 38,000 shares of the Company |
| Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director), Mr Or Kiam Meng (Executive Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) and Mr Or Yew Whatt (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) are the nephews of Mr Or Kim Peow; Mr Oh Kim Poy (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) is the brother of Mr Or Kim Peow | Son of Mr Or Kim Peow (Group Chairman); Mdm Ang Beng Tin (Executive Director) is the wife of Mr Or Kim Peow; Mr Or Toh Wat (Group Managing Director) and Mr Or Lay Huat, Daniel (Executive Director) are the sons of Mr Or Kim Peow; Mr Oh Enc Nam (Executive Director) and Mr Or Yew Whatt (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) are the nephews of Mr Or Kim Peow; Mr Oh Kim Poy (Executive Director of Eng Lam Contractors Co. (Pte) Ltd) is the brother of Mr Or Kim Peow | No |
| Conflict of Interest (including any competing business) | No | No | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

| | Mr Or Kim Peow | Mr Or Kiam Meng | Dr Chen Seow Phun, John |
|---|---|---|---|
| Other Principal Commitments Including Directorships | | | |
| Past (for the last 5 years) | – | – | Fu Yu Corporation Limited<br>Hong Lai Huat Group Limited<br>Pattern Discovery Technologies Pte. Ltd. (struck off)<br>DATAESP Private Ltd. (struck off)<br>MHC Asia Group Pte. Ltd.<br>Exeterstar Holdings Pte. Ltd. |
| Present | Or Kim Peow Contractors (Private) Limited<br>L & O Investments Pte Ltd<br>Or Kim Peow Investments Pte. Ltd.<br>OKP Technical Management Pte. Ltd.<br>OKP Investments (Singapore) Pte. Ltd.<br>United Pavement Specialists Pte. Ltd.<br>OKP (Oil & Gas) Infrastructure Pte. Ltd.<br>OKP Land Pte. Ltd.<br>OKP Transport & Trading Pte. Ltd. | Or Kim Peow Contractors (Private) Limited<br>Or Kim Peow Investments Pte. Ltd.<br>OKP Technical Management Pte. Ltd.<br>OKP Investments (Singapore) Pte. Ltd.<br>United Pavement Specialists Pte. Ltd.<br>OKP (Oil & Gas) Infrastructure Pte. Ltd.<br>OKP Land Pte. Ltd.<br>OKP Transport & Trading Pte. Ltd. | Hiap Seng Engineering Ltd<br>PSC Corporation Ltd.<br>Tat Seng Packaging Group Ltd<br>Matex International Limited<br>Pavillon Holdings Ltd.<br>SAC Capital Private Limited<br>SAC Advisors Private Limited<br>Sinostar Pec Holdings Limited<br>JLM Foundation Ltd.<br>JCL Business Development Pte Ltd |
| **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

| | Mr Or Kim Peow | Mr Or Kiam Meng | Dr Chen Seow Phun, John |
|---|---|---|---|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

| | Mr Or Kim Peow | Mr Or Kiam Meng | Dr Chen Seow Phun, John |
|---|---|---|---|
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION (CONT'D)

| | Mr Or Kim Peow | Mr Or Kiam Meng | Dr Chen Seow Phun, John |
|---|---|---|---|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– | | | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |

# NOTES

# NOTES

**IMPORTANT**
For investors who hold shares of OKP Holdings Limited under the Central Provident Fund ("**CPF**") Investment Scheme and/or the Supplementary Retirement Scheme ("**SRS**"), this Proxy Form is not valid for use by such investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies. Such investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the date of the AGM.

# OKP HOLDINGS LIMITED

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

# ANNUAL GENERAL MEETING
# PROXY FORM

I/We ______________________________ (Name) _________________________________ (NRIC/Passport/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 2023 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 or to abstain from voting, 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, except that where the Chairman of the Meeting is appointed as proxy and no specific directions as to voting is given in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

| No. | Resolutions relating to: | For | Against | Abstain |
|---|---|---|---|---|
| 1. | Audited financial statements for financial year ended 31 December 2022 | | | |
| 2. | Payment of final dividend | | | |
| 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 CLA Global TS Public Accounting Corporation as Independent Auditor | | | |
| 8. | Authority to allot and issue shares | | | |
| 9. | Authority to allot and issue shares pursuant to the OKP Performance Share Scheme | | | |
| 10. | Share purchase mandate | | | |

(Please indicate with a cross [X] in the space provided whether you wish to cast all your votes for or against or to abstain from voting on the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution and/or to abstain from voting on the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this ________ day of _______________ 2023

| **Total number of shares held:** | |
|---|---|

_________________________________________
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:–**

1. 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 2001), 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.

2. Unless otherwise permitted under the Companies Act 1967 of Singapore (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.

3. A member who is a relevant intermediary (as defined in Section 181 of 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. 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.

5. This proxy form must be executed 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 a duly authorised officer or attorney.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. This proxy form duly completed and executed must be submitted:

   (a) by post to the registered office of the Company at 30 Tagore Lane, Singapore 787484; or

   (b) by electronic mail to agm2023@okph.com,

   in either case, to be received not less than 72 hours before the time appointed for holding the AGM, failing which this proxy form will be treated as invalid.

8. Completion and return of this proxy form by a member will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the member attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant proxy form to the AGM.

9. 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.

10. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 March 2023.

**OKP HOLDINGS LIMITED**
UEN: 200201165G

30 Tagore Lane
Singapore 787484
T (65) 6456 7667
F (65) 6459 4316

www.okph.com

OKP HOLDINGS LIMITED
胡金標控股有限公司

OUR KEY PATHS

ANNUAL REPORT 2022