



**Half Year Financial
Statements for the Period
Ended 30 June 2022**

8 August 2022

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Half Year Financial Statements for the Period Ended 30 June 2022
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | | The Group | | |
|-----------------------------------------------------------------|---|-------------------------|--------------|-------------------------|
| | | Half Year ended 30 June | | Increase/ (Decrease) |
| Note | | 2022 | 2021 | |
| | | \$'000 | \$'000 | % |
| Revenue | 4 | 53,594 | 45,065 | 18.9 |
| Cost of sales | | (48,607) | (40,589) | 19.8 |
| Gross profit | | 4,987 | 4,476 | 11.4 |
| Other gains, net | | 1,003 | 2,274 | (55.9) |
| Expenses | | | | |
| - Administrative | | (3,871) | (4,538) | (14.7) |
| - Finance | | (644) | (525) | 22.7 |
| Share of profit of associated companies and joint ventures, net | | 296 | 224 | 32.1 |
| Profit before income tax | 6 | 1,771 | 1,911 | (7.3) |
| Income tax expense | 7 | (517) | (473) | 9.3 |
| Net profit | | 1,254 | 1,438 | (12.8) |
| Gross profit margin | | 9.3% | 9.9% | |
| Net profit margin | | 2.3% | 3.2% | |
| Effective tax rate | | 29.2% | 24.8% | |
| Net profit attributable to: | | | | |
| Equity holders of the Company | | 1,188 | 976 | 21.7 |
| Non-controlling interests | | 66 | 462 | (85.7) |
| | | 1,254 | 1,438 | (12.8) |
| Other comprehensive loss: | | | | |
| Currency translation differences arising from consolidation | i | (240) | (94) | 155.3 |
| Total comprehensive income, net of tax | | 1,014 | 1,344 | (24.6) |
| Total comprehensive income/(loss) attributable to: | | | | |
| Equity holders of the Company | | 1,065 | 928 | 14.8 |
| Non-controlling interests | | (51) | 416 | (112.3) |
| | | 1,014 | 1,344 | (24.6) |

Note:

(i) Currency translation difference was attributed to (a) assets and liabilities of foreign operations that were translated to Singapore dollars at the exchange rate at the reporting date and (b) income and expenses of foreign operations that were translated to Singapore dollars at the exchange rate at the date of transactions.



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

| | | The Group | | The Company | |
|--------------------------------|----|-----------------------|-----------------------|----------------------|----------------------|
| Note | | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| | | 38,566 | 51,030 | 3,154 | 3,513 |
| | 9 | 10,688 | 8,023 | 17,302 | 19,549 |
| | 10 | 18,917 | 15,584 | - | - |
| | | 3,739 | 1,687 | - | - |
| | | <u>71,910</u> | <u>76,324</u> | <u>20,456</u> | <u>23,062</u> |
| Non-current assets | | | | | |
| | 11 | - | - | 19,219 | 19,219 |
| | 12 | 36 | 32 | - | - |
| | 13 | 1,057 | 915 | - | - |
| | 14 | 77,095 | 78,487 | - | - |
| | 15 | 2,003 | - | - | - |
| | 16 | 13,427 | 11,775 | - | - |
| | 17 | 21,292 | 21,658 | 13,028 | 13,080 |
| | 18 | 13,251 | 11,923 | - | - |
| | 19 | 1,715 | 1,725 | 9 | 12 |
| | | 277 | 294 | - | - |
| | | <u>130,153</u> | <u>126,809</u> | <u>32,256</u> | <u>32,311</u> |
| Total assets | | <u>202,063</u> | <u>203,133</u> | <u>52,712</u> | <u>55,373</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| | 20 | 21,457 | 20,730 | 2,539 | 2,942 |
| | 18 | 2,794 | 2,087 | - | - |
| | 21 | 13,418 | 13,934 | 3,750 | 4,050 |
| | | 397 | 571 | 73 | 60 |
| | | <u>38,066</u> | <u>37,322</u> | <u>6,362</u> | <u>7,052</u> |
| Non-current liabilities | | | | | |
| | 20 | 15,305 | 15,274 | - | - |
| | 18 | 4,739 | 4,316 | - | - |
| | 21 | 18,779 | 20,086 | - | - |
| | | 1,037 | 863 | 8 | 10 |
| | | <u>39,860</u> | <u>40,539</u> | <u>8</u> | <u>10</u> |
| Total liabilities | | <u>77,926</u> | <u>77,861</u> | <u>6,370</u> | <u>7,062</u> |
| NET ASSETS | | <u>124,137</u> | <u>125,272</u> | <u>46,342</u> | <u>48,311</u> |
| Net tangible assets | | <u>122,422</u> | <u>123,547</u> | <u>46,333</u> | <u>48,299</u> |



| | | The Group | | The Company | |
|---------------------------------------------------------------------------|----|----------------|----------------|---------------|---------------|
| Note | | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 22 | 36,832 | 36,832 | 36,832 | 36,832 |
| Treasury shares | 22 | (235) | (235) | (235) | (235) |
| Other reserves | 23 | 3,319 | 3,442 | - | - |
| Retained profits | | 80,709 | 81,670 | 9,745 | 11,714 |
| | | <u>120,625</u> | <u>121,709</u> | <u>46,342</u> | <u>48,311</u> |
| Non-controlling interests | | 3,512 | 3,563 | - | - |
| | | <u>124,137</u> | <u>125,272</u> | <u>46,342</u> | <u>48,311</u> |
| Total equity | | 124,137 | 125,272 | 46,342 | 48,311 |



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

| | Attributable to equity holders of the Company | | | | | | Non-controlling interest | Total equity |
|------|-----------------------------------------------|-----------------|-----------------|---------------------------|------------------------------|------------------|--------------------------|--------------|
| | Share Capital | Treasury shares | Capital reserve | Asset revaluation reserve | Currency translation reserve | Retained profits | | |
| Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

The Group

| | | | | | | | | | | |
|---------------------------------------------|---|---------------|--------------|--------------|--------------|--------------|---------------|----------------|--------------|----------------|
| As at 1 Jan 2022 | | 36,832 | (235) | 2,108 | 1,372 | (38) | 81,670 | 121,709 | 3,563 | 125,272 |
| Profit for the period | | - | - | - | - | - | 1,188 | 1,188 | 66 | 1,254 |
| Other comprehensive loss for the period | | - | - | - | - | (123) | - | (123) | (117) | (240) |
| | | - | - | - | - | (123) | 1,188 | 1,065 | (51) | 1,014 |
| Dividend relating to FY2021 | 8 | - | - | - | - | - | (2,149) | (2,149) | - | (2,149) |
| As at 30 Jun 2022 | | 36,832 | (235) | 2,108 | 1,372 | (161) | 80,709 | 120,625 | 3,512 | 124,137 |
| As at 1 Jan 2021 | | 36,832 | (235) | 1,706 | 1,372 | 166 | 82,304 | 122,145 | 1,039 | 123,184 |
| Profit for the period | | - | - | - | - | - | 976 | 976 | 462 | 1,438 |
| Other comprehensive loss for the period | | - | - | - | - | (48) | - | (48) | (46) | (94) |
| | | - | - | - | - | (48) | 976 | 928 | 416 | 1,344 |
| Fair value adjustment on interest-free loan | | - | - | 169 | - | - | - | 169 | - | 169 |
| Dividend relating to FY2020 | 8 | - | - | - | - | - | (2,149) | (2,149) | - | (2,149) |
| As at 30 Jun 2021 | | 36,832 | (235) | 1,875 | 1,372 | 118 | 81,131 | 121,093 | 1,455 | 122,548 |



| Attributable to equity holders of the Company | | | | |
|-----------------------------------------------|---------------|-----------------|------------------|--------------|
| | Share capital | Treasury shares | Retained profits | Total equity |
| Note | \$'000 | \$'000 | \$'000 | \$'000 |

The Company

| | | | | | |
|-------------------------------------------|---|---------------|--------------|--------------|---------------|
| As at 1 Jan 2022 | | 36,832 | (235) | 11,714 | 48,311 |
| Total comprehensive income for the period | | - | - | 180 | 180 |
| Dividend relating to FY2021 | 8 | - | - | (2,149) | (2,149) |
| As at 30 Jun 2022 | | 36,832 | (235) | 9,745 | 46,342 |
| As at 1 Jan 2021 | | 36,832 | (235) | 10,330 | 46,927 |
| Total comprehensive income for the period | | - | - | 128 | 128 |
| Dividend relating to FY2020 | 8 | - | - | (2,149) | (2,149) |
| As at 30 Jun 2021 | | 36,832 | (235) | 8,309 | 44,906 |



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated statement of cash flows

| | | The Group | |
|---------------------------------------------|--------------------------------------------------------------------|-------------------------|-----------------|
| | | Half Year ended 30 June | |
| | | 2022 | 2021 |
| Note | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| | Net profit | 1,254 | 1,438 |
| | Adjustments for: | | |
| | - Income tax expense | 517 | 473 |
| 6 | - Depreciation of property, plant and equipment | 942 | 1,073 |
| 6 | - Depreciation of right-of-use assets | 1,202 | 987 |
| 6 | - Amortisation of intangible assets | 10 | 13 |
| 6 | - Gain on disposal of right-of-use assets | (2) | - |
| 6 | - (Gain)/Loss on disposal of property, plant and equipment, net | (19) | 10 |
| 6 | - Share of results of associated companies and joint ventures, net | (296) | (224) |
| 6 | - Interest income | (60) | (75) |
| | - Interest expense | 644 | 525 |
| | - Foreign exchange differences | 347 | 150 |
| | Operating cash flow before working capital changes | 4,539 | 4,370 |
| | Change in working capital | | |
| | - Trade and other receivables | (2,665) | 3,218 |
| | - Contract assets | (3,333) | 194 |
| | - Inventories | (2,052) | (1,662) |
| | - Contract liabilities | - | (5,476) |
| | - Trade and other payables | 727 | (225) |
| | - Provisions | - | (1,400) |
| | Cash used in operations | (2,784) | (981) |
| | - Interest received | 57 | 75 |
| | - Income tax paid | (506) | (510) |
| | Net cash used in operating activities | (3,233) | (1,416) |
| | Cash flows from investing activities | | |
| | - Additions to property, plant and equipment | (579) | (1,855) |
| | - Additions to right-of-use assets | - | (70) |
| | - Additions to investment properties | - | (11,643) |
| | - Purchases of other investments at amortised cost | (2,000) | - |
| | - Advance to an associated company | (1,500) | (1,000) |
| | - Proceeds from disposal of property, plant and equipment | 21 | 15 |
| | - Proceeds from disposal of right-of-use assets | 58 | - |
| | Net cash used in investing activities | (4,000) | (14,553) |



Consolidated statement of cash flows (Cont'd)

| | | The Group | |
|------|---------------------------------------------------------------------|-------------------------|-----------------|
| | | Half Year ended 30 June | |
| | | 2022 | 2021 |
| Note | | \$'000 | \$'000 |
| | Cash flows from financing activities | | |
| | - Repayment of lease liabilities | (1,456) | (1,059) |
| | - Advance from a non-controlling shareholder | - | 2,450 |
| | - Interest paid | (420) | (323) |
| | - Proceeds from bank borrowing | - | 1,000 |
| | - Repayment of borrowings | (1,166) | (1,589) |
| 8 | - Dividend paid to shareholders | (2,149) | (2,149) |
| | - Bank deposits pledged | (54) | (53) |
| | Net cash used in financing activities | (5,245) | (1,723) |
| | Net decrease in cash and cash equivalents | (12,478) | (17,692) |
| | Cash and cash equivalents at the beginning of the financial period | 45,835 | 74,012 |
| | Effects of currency translation on cash and cash equivalents | (41) | (38) |
| | Cash and cash equivalents at the end of the financial period | 33,316 | 56,282 |

Explanatory Notes:

- (i) For the purpose of the consolidated statement of cash flows, the cash and cash equivalents at the end of the financial period comprise the following:

| | | The Group | |
|--|--------------------------------------------------------------------|---------------|---------------|
| | | 30 Jun 2022 | 30 Jun 2021 |
| | | \$'000 | \$'000 |
| | Cash at bank and on hand | 16,776 | 17,441 |
| | Short-term bank deposits | 21,654 | 43,456 |
| | Trust account – Cash at bank | 136 | 524 |
| | | 38,566 | 61,421 |
| | Short-term bank deposits pledged to banks | (5,250) | (5,139) |
| | Cash and cash equivalents per consolidated statement of cash flows | 33,316 | 56,282 |

Short-term bank deposits of \$5,249,635 (30 June 2021: \$5,138,894) are pledged to banks for banking facilities of certain subsidiary corporations.



Notes to the interim consolidated financial statements

1. Corporate information

OKP Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and its shares are publicly traded on the Mainboard of the Singapore Exchange. The address of its registered office is 30 Tagore Lane, Singapore 787484. These interim consolidated financial statements as at and for the half year ended 30 June 2022 are those of the Company and its subsidiary corporations (collectively, the “Group”). 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 Group are:

- (a) road and building construction and maintenance
- (b) technical management and consultancy services
- (c) civil engineering projects in respect of oil, petrochemical and gas-related businesses
- (d) rental services and investment holding
- (e) property development
- (f) transport and logistics services

2. Basis of preparation

The interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (the “Standards”). The interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

During the financial period ended 30 June 2022, the Group reported net cash used in operating activities of \$3.2 million. This constitutes a going concern indicator. The Board of Directors has assessed that the going concern basis of preparation for this set of financial statements remain appropriate due to the following:

- i. The Group is profit-making and is in net assets and net current assets positions of \$124.1 million and \$33.8 million respectively; and
- ii. The Group has sufficient cash to fund the operations of the Group, with free cash and cash equivalents of \$33.3 million as at 30 June 2022.

2.1. New and amended standards adopted by the Group

A number of amendments to the Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those Standards.



2.2. Use of judgements and estimates

In preparing the interim financial statements, the management of the Group (the “Management”) has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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.

The significant judgements made by the Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Estimated impairment of goodwill
- Depreciation of property, plant and equipment
- Impairment of property, plant and equipment
- Recognition of revenue from construction and maintenance contracts

There were no significant changes in critical judgements, estimates and assumptions as compared to those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The 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.

The Group’s activities comprise the following reportable segments:

- | | |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) Construction – | It relates to the construction of urban and arterial roads, expressways, vehicular bridges, flyovers and buildings, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. |
| (ii) Maintenance – | It relates to re-construction work performed on roads, road reserves, pavements, footpaths and kerbs, guardrails, railings, drains, signboards as well as bus bays and shelters. |
| (iii) Rental income – | It relates to income received from rental of investment properties. |



4.1 Reportable segments

| | Primary Reporting - Business Segment | | | | | | | |
|---------------------------------------------------|-----------------------------------------------|---------------|------------------|---------------|------------------------------------------------|---------------|------------------|---------------|
| | Current financial period ended 30 Jun 2022 | | | | Previous financial period ended 30 Jun 2021 | | | |
| | Construction | Maintenance | Rental income | Total | Construction | Maintenance | Rental income | Total |
| The Group | | | | | | | | |
| Revenue | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Total segment revenue | 65,348 | 13,026 | 3,252 | 81,626 | 48,011 | 11,716 | 3,394 | 63,121 |
| Inter-segment revenue | (28,032) | - | - | (28,032) | (18,056) | - | - | (18,056) |
| Revenue from external parties | 37,316 | 13,026 | 3,252 | 53,594 | 29,955 | 11,716 | 3,394 | 45,065 |
| Gross profit | 1,072 | 1,894 | 2,021 | 4,987 | 820 | 1,376 | 2,280 | 4,476 |
| Other income | | | | | | | | |
| - Allocated | | | - | - | | | - | - |
| - Unallocated | | | | 1,717 | | | | 2,354 |
| Other losses | | | | | | | | |
| - Allocated | | | - | - | | | - | - |
| - Unallocated | | | | (714) | | | | (80) |
| Administrative costs | | | | | | | | |
| - Allocated | | | (153) | (153) | | | (151) | (151) |
| - Unallocated | | | | (3,718) | | | | (4,387) |
| Share of profit/(loss) of joint venture companies | | | | 4 | | | | (10) |
| Share of profit of associated companies | | | | 292 | | | | 234 |
| Finance expenses | | | | 2,415 | | | | 2,436 |
| - Allocated | | | (520) | (520) | | | (451) | (451) |
| - Unallocated | | | | (124) | | | | (74) |
| Profit before income tax | | | | 1,771 | | | | 1,911 |
| Income tax expense | | | | | | | | |
| - Allocated | | | (322) | (322) | | | (417) | (417) |
| - Unallocated | | | | (195) | | | | (56) |
| Net profit for the interim period | | | | 1,254 | | | | 1,438 |
| Depreciation of property, plant and equipment | 818 | 124 | - | 942 | 629 | 214 | - | 843 |
| Depreciation of right-of-use | 1,023 | 179 | - | 1,202 | 740 | 241 | - | 981 |
| Amortisation | 10 | - | - | 10 | 8 | - | - | 8 |
| Segment assets | | | | | | | | |
| - Allocated | 27,433 | 4,094 | 77,714 | 109,241 | 17,714 | 5,902 | 66,424 | 90,040 |
| - Unallocated | | | 92,822 | 92,822 | | | 100,192 | 100,192 |
| Total assets | | | | 202,063 | | | | 190,232 |
| Additions to | | | | | | | | |
| - Right-of-use assets | | | | | | | | |
| - Allocated | 555 | 38 | - | 593 | 350 | 48 | - | 398 |
| - Unallocated | | | 1,066 | 1,066 | | | - | - |
| - Investment properties | | | - | - | | | 11,643 | 11,643 |
| | | | | 1,659 | | | | 12,041 |
| Segment liabilities | | | | | | | | |
| - Allocated | 13,468 | 5,263 | 47,942 | 66,673 | 12,981 | 5,264 | 38,372 | 56,617 |
| - Unallocated | | | 11,253 | 11,253 | | | 11,067 | 11,067 |
| Total liabilities | | | | 77,926 | | | | 67,684 |



Revenue between segments is carried out as agreed by both parties. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

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

4.2 Disaggregation of revenue

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.

| The Group | |
|-------------------------|--------|
| Half Year ended 30 June | |
| 2022 | 2021 |
| \$'000 | \$'000 |

Over time

Construction and maintenance

- Singapore

50,342

41,671

Rental income

- Singapore

- Australia

| | |
|---------------|---------------|
| 157 | 152 |
| 3,095 | 3,242 |
| 3,252 | 3,394 |
| <u>53,594</u> | <u>45,065</u> |

5. Financial assets and financial liabilities

| The Group | | The Company | |
|-------------|-------------|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 30 Dec 2021 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Financial assets

Cash and cash equivalents

38,566

51,030

3,154

3,513

Trade and other receivables

23,037

18,482

17,278

19,490

Other investments at amortised cost

2,003

-

-

-

63,606

69,512

20,432

23,003

Financial liabilities

Trade and other payables

36,762

36,004

2,539

2,942

Lease liabilities

7,533

6,403

-

-

Borrowings

32,197

34,020

3,750

4,050

76,492

76,427

6,289

6,992



6. Profit before taxation

6.1 Significant items

| | | The Group | | |
|-----------------------------------------------------------|----------------------------------------------------------------|-------------------------|--------|-------------------------|
| | | Half Year ended 30 June | | Increase/ (Decrease) |
| Notes | | 2022 | 2021 | |
| | | \$'000 | \$'000 | % |
| <u>Income</u> | | | | |
| | Interest income - bank deposits | 60 | 75 | (20.0) |
| | Gain/(loss) on disposal of property, plant and equipment (net) | 19 | (10) | (290.0) |
| | Gain on disposal of right-of-use assets | 2 | - | n.m. |
| | Government grants | 1,556 | 2,131 | (27.0) |
| a | | | | |
| <u>Expenses</u> | | | | |
| | Non-audit fee paid to the auditors of the Company | 13 | 13 | - |
| | Amortisation of intangible assets | 5 | 5 | - |
| | Depreciation of property, plant and equipment | 214 | 230 | (7.0) |
| | Depreciation of right-of-use assets | 6 | 6 | - |
| | Directors' remuneration | | | |
| | - Directors of the Company | 1,195 | 1,302 | (8.2) |
| | - Other directors | 185 | 181 | 1.7 |
| | Directors' fees | 90 | 90 | - |
| | Interest paid and payable | | | |
| | - Bank borrowings | 333 | 249 | 33.7 |
| | - Lease liabilities | 88 | 74 | 18.9 |
| | - Notional interest on loan | 223 | 202 | 10.4 |
| | Loss on foreign exchange | 714 | 80 | 792.5 |
| b | | | | |
| | Employee compensation | 1,568 | 1,819 | (13.8) |
| <u>Included in the cost of sales are the following: -</u> | | | | |
| | Depreciation of property, plant and equipment | 728 | 843 | (13.6) |
| | Depreciation of right-of-use assets | 1,196 | 981 | 21.9 |
| | Amortisation of intangible assets | 5 | 8 | (37.5) |
| | Employee compensation | 15,626 | 13,974 | 11.8 |

n.m. - not meaningful

Note:

- (a) Government grants included \$1.6 million arising from COVID-19 government relief measures such as Job Support Scheme and Wage Credit Scheme payouts, COVID-Safe firm-based and project-based support, Co-Sharing of Prolongation Costs due to COVID-19, rental waiver and foreign worker levy rebate.
- (b) Loss on foreign exchange mainly arose from the revaluation of assets denominated in Australian dollar and United States dollar to Singapore dollar.



6.2 Related party transactions

There are no related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim consolidated statement of profit or loss are:

| The Group | |
|-------------------------|--------|
| Half Year ended 30 June | |
| 2022 | 2021 |
| \$'000 | \$'000 |

Tax expense attributable to profit is made up of:

- Profit from current financial year:

Current income tax

- Singapore

- Foreign

| | |
|-----|-----|
| 34 | 22 |
| 299 | 416 |
| 333 | 438 |

Deferred income tax

- Singapore

- Foreign

| | |
|-----|----|
| 174 | 35 |
| 10 | - |
| 184 | 35 |

| | |
|-----|-----|
| 517 | 473 |
|-----|-----|

8. Dividends

| Group and Company | |
|-------------------------|--------|
| Half Year ended 30 June | |
| 2022 | 2021 |
| \$'000 | \$'000 |

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

| | |
|-------|-------|
| 2,149 | 2,149 |
|-------|-------|



9. Trade and other receivables

| | The Group | | The Company | |
|-----------------------------------------------|-------------|-------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade receivables | | | | |
| - Non-related parties | 5,912 | 3,277 | - | - |
| - Subsidiary corporations | - | - | 5,989 | 8,191 |
| - Joint venture | - | 405 | - | - |
| | 5,912 | 3,682 | 5,989 | 8,191 |
| - Retentions | 154 | 266 | - | - |
| Non-trade receivables | | | | |
| - Subsidiary corporations | - | - | 11,967 | 11,971 |
| - Associated companies | 9 | 9 | - | - |
| - Joint ventures | 36 | 36 | - | - |
| - Non-related parties | 541 | 494 | - | 6 |
| | 586 | 539 | 11,967 | 11,977 |
| Less: Allowance for impairment of receivables | - | - | (688) | (688) |
| Non-trade receivables - net | 586 | 539 | 11,279 | 11,289 |
| Government grant receivable | - | 128 | - | - |
| Advance to suppliers/sub-contractors | 92 | 150 | - | - |
| Deposits | 2,866 | 1,918 | 10 | 10 |
| Prepayments | 1,078 | 1,340 | 24 | 59 |
| | 10,688 | 8,023 | 17,302 | 19,549 |

The non-trade amounts due from subsidiary corporations, associated companies and joint ventures are unsecured, interest-free and repayable on demand.

The advance to suppliers/sub-contractors relates to a portion of advance payments received from government agencies which have been passed down to the suppliers/sub-contractors engaged by the Group.

Government grant receivable related to Job Support Scheme payout and Foreign Worker Levy rebate.



10. Contract assets and liabilities

| The Group | |
|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |

Contract assets

Construction contracts due from customers

| | |
|--------|--------|
| 18,917 | 15,584 |
|--------|--------|

Contract assets balance increased due to higher unbilled amounts expected to be collected from customers following the increase in revenue.

11. Investments in subsidiary corporations

| The Company | |
|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |

Equity investments at cost

Beginning and end of financial period/year

| | |
|--------|--------|
| 17,632 | 17,632 |
|--------|--------|

Allowance for impairment

Beginning and end of financial period/year

| | |
|-------|-------|
| (110) | (110) |
|-------|-------|

Loan to a subsidiary corporation

Beginning and end of financial period/year

| | |
|-------|-------|
| 1,697 | 1,697 |
|-------|-------|

| | |
|--------|--------|
| 19,219 | 19,219 |
|--------|--------|



| Name of subsidiary corporations | Principal activities | Country of incorporation/ registration | Equity holding held by the Group | |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------|-------------|
| | | | 30 Jun 2022 | 31 Dec 2021 |
| <u>Held by the Company</u> | | | | |
| Or Kim Peow Contractors (Private) Limited ^(@) | Business of road and building construction and maintenance | Singapore | 100% | 100% |
| Eng Lam Contractors Co (Pte) Ltd ^(@) | Business of road construction and maintenance | Singapore | 100% | 100% |
| OKP Technical Management Pte Ltd ^{(@)(*)} | Provision of technical management and consultancy services | Singapore | 100% | 100% |
| OKP Investments (Singapore) Pte Ltd ^{(@)(*)} | Investment holding | Singapore | 100% | 100% |
| OKP (Oil & Gas) Infrastructure Pte Ltd ^{(@)(*)} | Business of carrying out civil engineering projects in respect of oil, petrochemical and gas related businesses in Singapore | Singapore | 100% | 100% |
| United Pavement Specialists Pte Ltd ^{(@)(*)} | Provision of rental services and investment holding | Singapore | 100% | 100% |
| OKP Land Pte Ltd ^(@) | Investment holding and property development | Singapore | 100% | 100% |
| OKP Transport & Trading Pte Ltd ^{(@)(*)} | Provision of transport and logistics services | Singapore | 100% | 100% |
| <u>Held by Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd</u> | | | | |
| <u>Unincorporated joint venture</u> | | | | |
| EL-OKP JV | Business of general construction | Singapore | 100% | 100% |
| <u>Held by OKP Land Pte Ltd</u> | | | | |
| Raffles Prestige Capital Pte Ltd ^(@) | Investment holding | Singapore | 51% | 51% |
| <u>Held by Raffles Prestige Capital Pte Ltd</u> | | | | |
| Bennett WA Investment Pty Ltd ^(#) | Property investment | Australia | 51% | 51% |

(@) Audited by Nexia TS Public Accounting Corporation.

(#) Audited by Nexia Perth Services Pty Ltd.

(*) Dormant company.

(^) Registered on 23 August 2021 and not required to be audited under the laws of country of incorporation



12. Investments in joint ventures

| The Group | |
|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |

Interests in joint ventures

| | | |
|------------------------------------------|----|-----|
| Beginning of financial period/year | 32 | 35 |
| Share of profit/(loss) of joint ventures | 4 | (3) |
| End of financial period/year | 36 | 32 |

Details of the joint ventures are as follows:

| Name of joint ventures | Principal activities | Country of incorporation | Percentage of ownership interest | |
|------------------------|----------------------|--------------------------|----------------------------------|-------------|
| | | | 30 Jun 2022 | 31 Dec 2021 |

Held by subsidiary corporations

Incorporated joint ventures

| | | | | |
|-------------------------------------|----------------------|-----------|-----|-----|
| Lakehomes Pte Ltd ^{(^)(1)} | Property development | Singapore | 10% | 10% |
|-------------------------------------|----------------------|-----------|-----|-----|

Unincorporated joint ventures

| | | | | |
|-----------------------------------------------|----------------------------------|-----------|-----|-----|
| Chye Joo – Or Kim Peow JV ^{(*)(2)} | Business of general construction | Singapore | 50% | 50% |
| Eng Lam – United E&P JV ^{(&)(3)} | Business of general construction | Singapore | 55% | 55% |

([^]) Audited by Ernst & Young LLP.

(^{*}) Registered on 4 May 2015 and not required to be audited under the laws of relevant jurisdiction.

([&]) Registered on 9 April 2019 and not required to be audited under the laws of relevant jurisdiction.

(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, 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 was registered to execute the improvement to Bukit Timah First Diversion Canal Contract 3 (Holland Green to Clementi Road) awarded by the Public Utilities Board.

(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.

The Group has joint control over these joint ventures as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Group’s joint arrangements are structured as private limited companies and partnerships such that the Group and the parties to the agreements 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.



The following amounts represent the summarised unaudited financial information of the joint ventures:

| The Group | | |
|------------------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 |
| Assets | | |
| - Current assets | 1,678 | 2,206 |
| Liabilities | | |
| - Current liabilities | (1,460) | (1,972) |
| Net assets | 218 | 234 |
| Revenue | 5,213 | 11,736 |
| Expenses | (5,227) | (11,874) |
| Loss before income tax | (14) | (138) |
| Income tax expense | - | - |
| Net loss | (14) | (138) |

The information above reflects the amounts included in the unaudited financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, if any.

13. Investments in associated companies

| The Group | | |
|------------------------------------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 |
| Interests in associated companies | | |
| Beginning of financial period/year | 915 | 411 |
| Notional fair value of loan (net) | (150) | 149 |
| Share of profit of associated companies | 292 | 355 |
| End of financial period/year | 1,057 | 915 |



| Name of associated companies | Principal activities | Country of incorporation | Equity holding | |
|------------------------------|----------------------|--------------------------|----------------|-------------|
| | | | 30 Jun 2022 | 31 Dec 2021 |

Held by subsidiary corporations

| | | | | |
|-----------------------------------------------------|---------------------------------------------|-----------|-------|-------|
| Chong Kuo Development Pte Ltd ^{(&)(1)} | Property development | Singapore | 22.5% | 22.5% |
| USB Holdings Pte Ltd ^{(#)(2)} | Investment holding and property development | Singapore | 25% | 25% |

Held by USB Holdings Pte Ltd

| | | | | |
|-----------------------------------------------------|----------------------|-----------|------|------|
| United Singapore Builders Pte Ltd ^{(#)(3)} | General contractors | Singapore | 100% | 100% |
| USB (Phoenix) Pte Ltd ^{(#)(4)} | Property development | Singapore | 100% | 100% |

(&) Audited by Ernst & Young LLP

(#) Audited by 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, 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, 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) Ltd (“OKPC”), a wholly-owned subsidiary corporation, entered into a shareholders’ agreement with Chye Joo Construction Pte Ltd, Ho Lee Construction Pte Ltd, Hwa Seng Builder Pte Ltd, Swee Hong Limited and United Singapore Builders Pte Ltd (“USB”) to tender for and, if successful, undertake Mass Rapid Transit projects, including the construction of related infrastructure such as stations, tunnels and depots. As at 31 December 2014, OKPC had a 20% equity interest at a cost of \$200,000 in USB.

On 3 June 2015, OKPC acquired another 5% of the issued share capital of USB by way of acquisition of 50,000 ordinary shares for \$1.00. Consequently, OKPC has a 25% equity interest at a cost of \$200,001 in USB. On 17 August 2015, OKPC was allotted and issued 500,000 new ordinary shares by the capitalisation of its advance to USB and hence, its shareholding in USB increased to 750,000 shares. The shareholding percentage remains unchanged at 25% of the total issued and paid-up capital in USB.

USB became a wholly-owned subsidiary corporation of USB Holdings Pte Ltd after a restructuring exercise which 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.



The summarised unaudited financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

| The Group | | |
|---------------------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 |
| Assets | | |
| - Current assets | 111,460 | 111,472 |
| - Non-current assets | 870 | 853 |
| Liabilities | | |
| - Current liabilities | (8,648) | (8,517) |
| - Non-current liabilities | (109,284) | (104,622) |
| Net liabilities | (5,602) | (814) |
| Revenue | | |
| Revenue | 28,055 | 56,357 |
| Expenses | | |
| Expenses | (35,354) | (61,611) |
| Loss before income tax | (7,299) | (5,254) |
| Income tax credit | - | - |
| Net loss | (7,299) | (5,254) |

The Group has not recognised its share of loss of its associated company, USB Holdings Pte Ltd amounting to \$2,149,688 (30 June 2021: \$992,860) 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 \$3,869,636 (30 June 2021: \$992,860) as at 30 June 2022.

14. Investment properties

The Group's investment properties consist of both commercial and industrial properties, held for long-term rental yields and/or capital appreciation and are not substantially occupied by the Group. They are leased to non-related parties under non-cancellable leases.

| The Group | | |
|---------------------------------------------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 |
| Beginning of financial period/year | 78,487 | 52,107 |
| Additions | - | 24,403 |
| Currency translation differences | (1,392) | (2,394) |
| Net fair value loss recognised in profit and loss | - | 4,371 |
| End of financial period/year | 77,095 | 78,487 |



14.1 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. The Group's policy is to revalue its investment properties on an annual basis. Discussions on the valuation process, key inputs applied in the valuation approach and the reasons for the fair value changes are held between the Management and the independent valuer yearly. An update to the fair values will be done at the end of the financial year.

The fair value of the Group's investment properties is determined based on significant other observable inputs and is categorised under Level 2 of the fair value measurement hierarchy. 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. The most significant input in this valuation method is market price per square metre.

15. Other investments at amortised cost

| The Group | |
|------------------------------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |
| Beginning of financial period/year | - |
| Additions | 2,000 |
| Accrued interest | 3 |
| End of financial period/year | 2,003 |

16. Other receivables (non-current)

| The Group | |
|-----------------------------------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |
| Loans to associated companies | |
| - Chong Kuo Development Pte Ltd | 4,410 |
| - USB Holdings Pte Ltd | 9,537 |
| Less: Notional fair value of loan (net) | (520) |
| | 13,427 |
| | 11,775 |

The loans to associated companies 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.

17. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired property, plant and equipment amounting to \$0.6 million (30 June 2021: \$1.9 million) and disposed of property, plant and equipment amounting to \$2,000 (30 June 2021: \$25,000).



18. Leases

(a) Amounts recognised in the statements of financial position

| The Group | |
|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |

Right-of-use assets

| | | |
|---------------------------------|---------------|---------------|
| Office unit | 134 | 174 |
| Plant and machineries | 10,326 | 9,899 |
| Motor vehicles | 1,356 | 1,311 |
| Use of state land for worksites | 1,435 | 539 |
| | <u>13,251</u> | <u>11,923</u> |

Lease liabilities

| | | |
|-------------|--------------|--------------|
| Current | 2,794 | 2,087 |
| Non-current | 4,739 | 4,316 |
| | <u>7,533</u> | <u>6,403</u> |

(b) Amounts recognised in the statement of comprehensive income

| The Group | |
|-------------|-------------|
| 30 Jun 2022 | 30 Jun 2021 |
| \$'000 | \$'000 |

Depreciation of right-of-use assets

| | | |
|---------------------------------|--------------|------------|
| Office unit | 40 | 40 |
| Plant and machineries | 721 | 576 |
| Motor vehicles | 144 | 148 |
| Use of state land for worksites | 297 | 223 |
| | <u>1,202</u> | <u>987</u> |

| | | |
|-------------------------------------------------|-----------|-----------|
| Interest expense (included in finance expenses) | <u>88</u> | <u>74</u> |
|-------------------------------------------------|-----------|-----------|



19. Intangible assets

| The Group | | The Company | |
|-------------|-------------|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 | \$'000 | \$'000 |

Composition:

| | | | | |
|----------------------------|--------------|--------------|----------|-----------|
| Goodwill | 1,688 | 1,688 | - | - |
| Computer software licences | 27 | 37 | 9 | 12 |
| | <u>1,715</u> | <u>1,725</u> | <u>9</u> | <u>12</u> |

(a) Goodwill

Cost/net book value

| | | | | |
|--------------------------------------------|-------|-------|---|---|
| Beginning and end of financial period/year | 1,688 | 1,688 | - | - |
|--------------------------------------------|-------|-------|---|---|

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.

(b) Computer software licences

| | | | | |
|--------------------------------------------|------------|------------|-----------|-----------|
| <i>Cost</i> | | | | |
| Beginning and end of financial period/year | 520 | 520 | 78 | 78 |
| <i>Accumulated Amortisation</i> | | | | |
| Beginning of financial period/year | 483 | 470 | 66 | 64 |
| Amortisation charge | 10 | 13 | 3 | 2 |
| End of financial period/year | <u>493</u> | <u>483</u> | <u>69</u> | <u>66</u> |
| Net book value | <u>27</u> | <u>37</u> | <u>9</u> | <u>12</u> |

Computer software licences relate to fees paid to third parties in relation to the entitlement to use the computer software and are amortised over 5 years.

19.1 Goodwill impairment

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. 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 the 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.

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at 30 June 2022 was determined similarly to the 31 December 2021 goodwill impairment test, and was based on the following key assumptions:

- Gross margin of 3% - 9% (2021: 3% - 9%)
- Growth rate of 3% - 8% (2021: 3% - 8%)
- Discount rate of 7.2% (2021: 7.2%)

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.



20. Trade and other payables

| | The Group | | The Company | |
|---------------------------------------|---------------|---------------|--------------|--------------|
| | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Current</u> | | | | |
| Trade payables | | | | |
| - Non-related parties | 14,947 | 12,811 | 76 | 67 |
| Non-trade payables | | | | |
| - Subsidiary corporations | - | - | 1,955 | 1,955 |
| - Non-controlling interests | 705 | 600 | - | - |
| - Non-related parties | 460 | 473 | - | - |
| | 1,165 | 1,073 | 1,955 | 1,955 |
| Accrued operating expenses | 5,345 | 6,846 | 508 | 920 |
| | <u>21,457</u> | <u>20,730</u> | <u>2,539</u> | <u>2,942</u> |
| <u>Non-current</u> | | | | |
| Non-trade payables | | | | |
| - Loan from non-controlling interests | 15,892 | 16,090 | - | - |
| Less: Notional fair value of loan | (587) | (816) | - | - |
| | <u>15,305</u> | <u>15,274</u> | <u>-</u> | <u>-</u> |

The current non-trade amounts due to subsidiary corporations and non-controlling interests are unsecured, interest-free and repayable on demand.

The non-current loan from non-controlling interests is unsecured and interest-free for the purpose of funding the subsidiary corporation's operating and development activities. The loan is denominated in Australian dollar and is not expected to be repaid within the next 12 months.



21. Bank borrowings

| | The Group | | The Company | |
|----------------------------------------|-------------|-------------|-------------|-------------|
| | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Secured bank term loans ^(a) | 768 | 784 | - | - |
| Secured bank facilities ^(b) | 12,650 | 13,150 | 3,750 | 4,050 |
| | 13,418 | 13,934 | 3,750 | 4,050 |
| Non-current | | | | |
| Secured bank term loans ^(a) | 18,779 | 20,086 | - | - |
| | 32,197 | 34,020 | 3,750 | 4,050 |

- (a) The secured bank term loans are mainly secured by:
- First legal mortgage over investment properties of the Group;
 - Certain bank deposits;
 - Charge over the Group's shares in a subsidiary corporation; and
 - Corporate guarantees of the Company.

The secured bank term loans are denominated in Australian and Singapore dollar, and bear interests at 1.8% per annum above the bank's cost of fund and 1.08% per annum above SORA, respectively.

- (b) The secured bank facilities are mainly secured by:
- First legal mortgage over the freehold property of the Group;
 - First legal mortgage over investment properties of the Group;
 - Certain short-term bank deposits;
 - Proportionate guarantee from non-controlling shareholder and the Company;
 - Personal guarantee from certain directors of one of the Group's subsidiary corporations; and
 - Corporate guarantee of one of the Group's subsidiary corporations.

The secured bank facilities are denominated in Singapore dollar, and bear interest at 1.2% per annum above the bank's cost of fund and 1.08% per annum above SORA. Certain bank facilities are repayable on demand.

22. Share capital and treasury shares

| | Number of ordinary shares | | Amount | |
|---------------------------------------|---------------------------|-----------------|---------------|-----------------|
| | Issued share capital | Treasury shares | Share capital | Treasury shares |
| | '000 | '000 | \$'000 | \$'000 |
| Group and Company | | | | |
| 30 Jun 2022 | | | | |
| Beginning and end of financial period | 308,431 | (1,469) | 36,832 | (235) |
| 31 Dec 2021 | | | | |
| Beginning and end of financial period | 308,431 | (1,469) | 36,832 | (235) |

The Company's subsidiary corporations do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.



23. Other reserves

| The Group | |
|-------------|-------------|
| 30 Jun 2022 | 31 Dec 2021 |
| \$'000 | \$'000 |

(a) Composition:

| | | |
|------------------------------|--------------|--------------|
| Asset revaluation reserve | 1,372 | 1,372 |
| Currency translation reserve | (161) | (38) |
| Capital reserve | 2,108 | 2,108 |
| | <u>3,319</u> | <u>3,442</u> |

(b) Movements

Asset revaluation reserve

| | | |
|--------------------------------------------|--------------|--------------|
| Beginning and end of financial period/year | <u>1,372</u> | <u>1,372</u> |
|--------------------------------------------|--------------|--------------|

Currency translation reserve

| | | |
|-------------------------------------------------------------|--------------|--------------|
| Beginning of financial period/year | (38) | 166 |
| Currency translation differences arising from consolidation | (240) | (400) |
| Less: Non-controlling interests | 117 | 196 |
| | <u>(123)</u> | <u>(204)</u> |
| End of financial period/year | <u>(161)</u> | <u>(38)</u> |

Capital reserve

| | | |
|---------------------------------------------|--------------|--------------|
| Beginning of financial period/year | 2,108 | 1,706 |
| Fair value adjustment on interest-free loan | - | 402 |
| End of financial period/year | <u>2,108</u> | <u>2,108</u> |

Other reserves are non-distributable.

24. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



Other information required by Listing Manual Appendix 7.2

1(b)(ii) Aggregate amount of group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

| As at 30 Jun 2022 | | | As at 31 Dec 2021 | | |
|-------------------|---------|-----------|-------------------|---------|-----------|
| | \$'000 | \$'000 | | \$'000 | \$'000 |
| | Secured | Unsecured | | Secured | Unsecured |
| Lease liabilities | 2,794 | - | Lease liabilities | 2,087 | - |
| Bank borrowings | 13,418 | - | Bank borrowings | 13,934 | - |
| Total | 16,212 | - | Total | 16,021 | - |

(b) Amount repayable after one year

| As at 30 Jun 2022 | | | As at 31 Dec 2021 | | |
|-------------------|---------|-----------|-------------------|---------|-----------|
| | \$'000 | \$'000 | | \$'000 | \$'000 |
| | Secured | Unsecured | | Secured | Unsecured |
| Lease liabilities | 4,739 | - | Lease liabilities | 4,316 | - |
| Bank borrowings | 18,779 | - | Bank borrowings | 20,086 | - |
| Total | 23,518 | - | Total | 24,402 | - |

(c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) lease liabilities of \$7.5 million secured by corporate guarantees of the Company and charges over the property, plant and equipment under the leases; and
- (2) bank borrowings of \$32.2 million secured by first legal mortgage over an investment property and freehold properties of the Group, pledge of certain bank deposits, charge over the Group's shares in a subsidiary corporation, and corporate guarantees of the Company and one of the Group's subsidiary corporations.



1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There have been no changes in the issued share capital of the Company since 31 December 2021.

No shares were bought back by the Company during the first half year ended 30 June 2022 under the Share Buy Back Mandate which was approved by the Shareholders.

There was a total of 1,469,100 treasury shares held by the Company, representing 0.48% of the total number of issued shares of the Company as at 30 June 2022 (30 June 2021: 1,469,100 treasury shares, 0.48%).

There were no outstanding convertibles issued by the Company and no subsidiary holdings as at 30 June 2022 and 30 June 2021.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

| | 30 Jun 2022 | 31 Dec 2021 |
|-----------------------------------------------------------|-------------|-------------|
| Total number of issued shares (excluding treasury shares) | 306,961,494 | 306,961,494 |

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the first half year ended 30 June 2022.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed.



3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those for the audited financial statements as at 31 December 2021.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted the new and revised SFRS(I)s and SFRS(I) INTs which are relevant to the Group's operations and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new and revised SFRS(I)s and SFRS(I) INTs does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current and/or prior financial year.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Basic/diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

| | The Group | | |
|-------------------------------------------------------------------|-------------------------|-------------|------------------------------|
| | Half Year ended 30 June | | Increase/ (Decrease) % |
| | 2022 | 2021 | |
| Net profit attributable to equity holders of the Company (\$'000) | 1,188 | 976 | 21.7 |
| Weighted average number of ordinary shares in issue | 307,467,992 | 307,467,992 | - |
| Basic earnings per share (cents per share) | 0.39 | 0.32 | 21.9 |
| Diluted earnings per share (cents per share) | 0.39 | 0.32 | 21.9 |



7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the**
(a) current period reported on and
(b) immediately preceding financial year

| | The Group | | The Company | | Increase/ (Decrease) % | |
|----------------------------------------------------|----------------------|-------------------------|----------------------|----------------------|------------------------------|----------------|
| | As at 30 Jun 2022 | As at 31 Dec 2021 | As at 30 Jun 2022 | As at 31 Dec 2021 | The Group | The Company |
| Net tangible assets (\$'000) | 122,422 | 123,547 | 46,333 | 48,299 | (0.9) | (4.1) |
| Number of shares (excluding treasury shares) | 306,961,494 | 306,961,494 | 306,961,494 | 306,961,494 | - | - |
| NTA per share (cents) | 39.88 | 40.25 | 15.09 | 15.73 | (0.9) | (4.1) |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Our Business

OKP Holdings Limited is a home-grown infrastructure and civil engineering company in the region. It specialises in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals as well as the maintenance of roads and roads-related facilities and building construction-related works. We tender for both public and private civil engineering and infrastructure construction projects. We have expanded our core business to include property development and investment.

We have three business segments: Construction, Maintenance and Rental income from investment properties.



Review of income statements for the Half Year ended 30 June 2022

| | The Group | | | | | |
|----------------------|-------------------------------------|--------------|--------------------------------------|--------------|----------------------|-------------|
| | Current Half Year ended 30 Jun 2022 | | Previous Half Year ended 30 Jun 2021 | | Increase/ (Decrease) | |
| | \$'000 | % | \$'000 | % | \$'000 | % |
| Construction | 37,316 | 69.6 | 29,955 | 66.5 | 7,361 | 24.6 |
| Maintenance | 13,026 | 24.3 | 11,716 | 26.0 | 1,310 | 11.2 |
| Rental income | 3,252 | 6.1 | 3,394 | 7.5 | (142) | (4.2) |
| Total Revenue | 53,594 | 100.0 | 45,065 | 100.0 | 8,529 | 18.9 |

Revenue

Our Group reported a 18.9% or \$8.5 million increase in revenue to \$53.6 million during the first half year ended 30 June 2022 ("1H2022") as compared to \$45.1 million during the first half year ended 30 June 2021 ("1H2021"). The increase was mainly due to a 24.6% increase in revenue from the construction segment to \$37.3 million and a 11.2% increase in revenue from the maintenance segment to \$13.0 million, partially offset by a 4.2% decrease in rental income.

The increase in revenue from both the construction and maintenance segments was mainly due to the temporary cessation of construction activities in compliance with the government's COVID-19 measures in 1H2021 coupled with the higher percentage of revenue recognised from a number of existing construction projects during 1H2022.

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.

Both the construction and maintenance segments are the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 69.6% (1H2021: 66.5%), 24.3% (1H2021: 26.0%) and 6.1% (1H2021: 7.5%) of our Group's revenue, respectively, for 1H2022.



Cost of sales

| | The Group | | | | | |
|----------------------------|-------------------------------------|--|--------------------------------------|--|----------------------|-------------|
| | Current Half Year ended 30 Jun 2022 | | Previous Half Year ended 30 Jun 2021 | | Increase/ (Decrease) | |
| | \$'000 | | \$'000 | | \$'000 | % |
| Construction | 47,376 | | 39,475 | | 7,901 | 20.0 |
| Maintenance | | | | | | |
| Rental income | 1,231 | | 1,114 | | 117 | 10.5 |
| Total cost of sales | 48,607 | | 40,589 | | 8,018 | 19.8 |

Our cost of sales increased by 19.8% or \$8.0 million from \$40.6 million for 1H2021 to \$48.6 million for 1H2022. The increase in cost of sales was due mainly to:

- (a) the increase in sub-contracting costs, which were mainly costs incurred for specialised works such as bored piling, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks usually sub-contracted to external parties;
- (b) the increase in the cost of construction materials; and
- (c) the increase in labour costs which was due to the increase in headcount coupled with salary adjustments,

during 1H2022.

Gross profit and gross profit margin

| | The Group | | | | | |
|---------------------------|-------------------------------------|---------------------|--------------------------------------|---------------------|---------------------|-------------|
| | Current Half Year ended 30 Jun 2022 | | Previous Half Year ended 30 Jun 2021 | | Increase/(Decrease) | |
| | \$'000 | Gross Profit Margin | \$'000 | Gross Profit Margin | \$'000 | % |
| Construction | 2,966 | 5.9% | 2,196 | 5.3% | 770 | 35.1 |
| Maintenance | | | | | | |
| Rental income | 2,021 | 62.2% | 2,280 | 67.2% | (259) | (11.4) |
| Total gross profit | 4,987 | 9.3% | 4,476 | 9.9% | 511 | 11.4 |

Overall, our gross profit for 1H2022 increased by 11.4% or \$0.5 million from \$4.5 million for 1H2021 to \$5.0 million for 1H2022.



The rental income segment demonstrated a decrease in contribution to gross profit of \$0.3 million, from \$2.3 million for 1H2021 to \$2.0 million for 1H2022. However, there is an increase of \$0.8 million in the gross profit of the construction and maintenance segments, from \$2.2 million in 1H2021 to \$3.0 million in 1H2022.

Our gross profit margin for the construction and maintenance segments increased from 5.3% for 1H2021 to 5.9% for 1H2022. The improvement in the gross profit margin was mainly attributed to Group's ongoing initiatives to improve cost management, despite the higher material costs and rising manpower costs.

Other gains, net

Other gains decreased by \$1.3 million or 55.9%, from \$2.3 million for 1H2021 to \$1.0 million for 1H2022. The decrease was mainly due to:

- (a) the decrease by \$0.7 million in receipt of payouts and rebates from the government which aimed to provide wage support to employers, as part of the support measures for built environment firms affected by COVID-19; and
- (b) an increase in the loss on foreign exchange of \$0.6 million arising from the revaluation of assets and liabilities denominated in Australian dollar to Singapore dollar,

during 1H2022.

Administrative expenses

Administrative expenses decreased by \$0.7 million or 14.7%, from \$4.5 million for 1H2021 to \$3.8 million for 1H2022. The decrease was largely due to the insurance payout received in 1H2022 as well as the reversal of overprovision for legal fees in 2021 and decrease in staff salaries.

Finance expenses

| The Group | | |
|--------------------------------|--------------------------------|-------|
| Half Year ended 30 Jun 2022 | Half Year ended 30 Jun 2021 | |
| \$'000 | \$'000 | |
| Lease liabilities | 88 | 74 |
| Notional interest on loan | 223 | 202 |
| Bank borrowings | 333 | 249 |
| | <hr/> | <hr/> |
| | 644 | 525 |

Finance expenses increased by \$0.1 million or 22.7%, from \$0.5 million for 1H2021 to \$0.6 million for 1H2022. The increase was attributable to the increase in interest expenses of \$0.1 million, incurred on a bank term loan for the purchase of an investment property at 6-8 Bennett Street, East Perth, Western Australia, due to an increase in interest rate.



Share of results of associated companies and joint ventures

| The Group | | |
|------------------------------------------|--------------------------------|------|
| Half Year ended 30 Jun 2022 | Half Year ended 30 Jun 2021 | |
| \$'000 | \$'000 | |
| Share of profit/(loss) of joint ventures | 4 | (10) |
| Share of profit of associated companies | 292 | 234 |
| 296 | 224 | |

The share of results of associated companies and joint ventures increased by \$0.1 million or 32.1%, from \$0.2 million for 1H2021 to \$0.3 million for 1H2022. The increase was attributable to the share of profit of the Group's 22.5%-held associated company, Chong Kuo Development Pte Ltd, and the Group's 55%-owned joint venture, Eng Lam - United E&P JV, during 1H2022.

Profit before income tax

Profit before income tax decreased by \$0.1 million or 7.3%, from \$1.9 million for 1H2021 to \$1.8 million for 1H2022. The decrease was due mainly to (1) the decrease in other gains (net) of \$1.3 million, and (2) the increase in finance expenses of \$0.1 million, which were partially offset by (1) the increase in gross profit of \$0.5 million, (2) the increase in share of profit of associated companies and joint ventures of \$0.1 million, and (3) the decrease in administrative expenses of \$0.7 million, as explained above.

Income tax expense

Income tax expense increased by 9.3% or \$44,000 in 1H2022 is due mainly to higher deferred tax liabilities contributed by the deductible temporary differences in particular that arising from the movements between fair value and the carrying value of assets and value of assets for tax purposes.

The effective tax rates for 1H2022 and 1H2021 were 29.2% and 24.8% respectively, which were both higher than the statutory tax rate of 17.0%.

The effective tax rate for 1H2022 and 1H2021 were both higher than the statutory tax rate of 17.0%, due mainly to (1) the relatively higher corporate tax rate of our Australian subsidiary corporation and (2) certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests of \$0.1 million was due to the share of profit of our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in 1H2022.

Net profit

Overall, for 1H2022, net profit decreased by \$0.1 million or 12.8%, from \$1.4 million for 1H2021 to \$1.3 million for 1H2022, following the decrease in profit before income tax of \$0.1 million and the increase in income tax expense of \$44,000, as explained above.

Our net profit margin decreased from 3.2% for 1H2021 to 2.3% for 1H2022.



Review of the financial position for the half year ended 30 June 2022

(i) Current assets

Current assets decreased by \$4.4 million, from \$76.3 million as at 31 December 2021 to \$71.9 million as at 30 June 2022. The decrease was due mainly to:

- (a) a decrease in cash and cash equivalents of \$12.4 million. This was due mainly to the cash used in operating activities of \$3.2 million, cash used in investing activities of \$4.0 million and cash used in financing activities of \$5.2 million,

which were partially offset by:

- (b) an increase in trade and other receivables of \$2.7 million on the back of higher revenue and deposits placed for arbitration;
- (c) an increase in contract assets of \$3.3 million, due mainly to an increase in construction contract due from customers arising from higher unbilled amounts expected to be collected from customers; and
- (d) an increase of \$2.0 million in inventories arising from the purchase of materials for existing construction projects,

during 1H2022.

(ii) Non-current assets

Non-current assets increased by \$3.3 million, from \$126.8 million as at 31 December 2021 to \$130.1 million as at 30 June 2022. The increase was due mainly to:

- (a) an increase in investments in associated companies of \$0.1 million arising from the share of profit of an associated company;
- (b) an increase in other receivables of \$1.7 million due to an advance of \$1.5 million extended to an associated company, USB Holdings Pte Ltd, and a decrease of \$0.2 million in the fair value of advance provided to Chong Kuo Development Pte Ltd;
- (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 right-of-use assets of \$1.3 million resulting from the purchase of plant and equipment to support the new and existing projects,

which were partially offset by:

- (e) a decrease in investment properties of \$1.4 million resulting from an exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Western Australia due to the revaluation of Singapore dollar to Australian dollar; and
- (f) a decrease in property, plant and equipment of \$0.4 million resulting mainly from the disposal and depreciation of property, plant and equipment,

during 1H2022.



(iii) Current liabilities

Current liabilities increased by \$0.8 million, from \$37.3 million as at 31 December 2021 to \$38.1 million as at 30 June 2022. The increase was due mainly to:

- (a) an increase in trade and other payables of \$0.7 million arising from the increase of trade payables of \$2.1 million offset against a decrease of \$1.4 million in accrued operating expenses; and
- (b) an increase in lease liabilities of \$0.7 million arising from the repayment of lease liabilities, offset by the purchase of plant and machineries,

which were partially offset by:

- (c) a slight decrease in current income tax liabilities of \$0.2 million due to lower tax provision; and
- (d) a decrease in bank borrowings of \$0.5 million arising from the repayment of existing borrowings,

during 1H2022.

(iv) Non-current liabilities

Non-current liabilities decreased by \$0.7 million, from \$40.5 million as at 31 December 2021 to \$39.8 million as at 30 June 2022. The decrease was primarily due to:

- (a) repayment of bank borrowings which contributed to a decrease in bank borrowings of \$1.3 million,

which were partially offset by:

- (b) an increase in lease liabilities of \$0.4 million arising from new finance lease liabilities for the purchase of plant and machineries to support the existing projects; and
- (c) a slight increase in deferred income tax liabilities of \$0.2 million,

during 1H2022.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, treasury shares, other reserves, retained profits and non-controlling interests, decreased by \$1.1 million, from \$125.2 million as at 31 December 2021 to \$124.1 million as at 30 June 2022. The decrease was due mainly to:

- (a) the dividend payment to shareholders of \$2.1 million; and
- (b) the increase in currency translation reserve of \$0.3 million,

which were partially offset by:

- (c) the profits generated from operations of \$1.2 million attributable to equity holders of the Company and non-controlling interests of \$0.1 million arising from the share of profit of Raffles Prestige Capital Pte Ltd,

during 1H2022.



Review of cash flows for the half year ended 30 June 2022

Net cash used in operating activities

Our Group reported net cash used in operating activities of \$3.2 million in 1H2022, which was mainly due to net working capital outflow of \$7.3 million and income tax paid of \$0.5 million, which were partially offset by interest received of \$0.1 million and cash generated from operating activities before working capital changes of \$4.5 million, during 1H2022.

Net cash used in investing activities

Our Group reported net cash used in investing activities of \$4.0 million in 1H2022, which mainly comprised purchase of property, plant and equipment of \$0.5 million, purchase of structured deposits of \$2.0 million and advances extended to an associated company of \$1.5 million during 1H2022.

Net cash used in financing activities

Net cash used in financing activities of \$5.2 million in 1H2022 was mainly attributable to (i) repayment of lease liabilities of \$1.5 million, (ii) an increase in interest paid of \$0.4 million, (iii) repayment of borrowings of \$1.2 million and (iv) dividend paid of \$2.1 million.

Overall, free cash and cash equivalents stood at \$33.3 million as at 30 June 2022, a decrease of \$23.0 million from \$56.3 million as at 30 June 2021. This works out to cash of 10.9 cents per share as at 30 June 2022 as compared to 18.3 cents per share as at 30 June 2021 (based on 306,961,494 issued shares (excluding treasury shares) as at 30 June 2022 and 30 June 2021).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There is no material deviation in the actual results for the half year ended 30 June 2022 from what was previously discussed under paragraph 10 of the Company's results announcement for the financial year ended 31 December 2021.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Economic Outlook

Based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 14 July 2022, Singapore's economy grew by 4.8% on a year-on-year basis in the second quarter of 2022, extending the 4.0% growth recorded in the previous quarter. MTI also maintained Singapore's Gross Domestic Product ("GDP") forecast at 3.0% to 5.0% for 2022, with growth likely to come in at the lower half of the forecast range.

On 14 July 2022, the Monetary Authority of Singapore ("MAS") further tightened its monetary policy to slow inflation momentum and help ensure medium-term price stability. In this move, the MAS will re-centre the mid-point of the exchange rate policy band up to its prevailing level. There will be no change to the slope and width of the policy band. MAS has also raised its inflation forecast for 2022, with overall inflation now projected at 5.0% to 6.0%, from the earlier range of 4.5% to 5.5%



Industry Outlook

The COVID-19 situation remains volatile, especially as Singapore sees a surge in COVID-19 cases driven by the BA.4 and BA.5 subvariants. Nevertheless, Singapore has forged ahead with its economic reopening and transition to endemic COVID-19 from April 2022, bolstered by the nation's high vaccination rates, steady uptake of booster doses, and Safe Management Measures ("SMM").

According to MTI, the construction sector grew by 3.8% year-on-year in the second quarter of 2022, faster than the 1.8% growth in the previous quarter. Construction activity picked up during the quarter, supported in part by the relaxation of border restrictions on the inflow of migrant workers. In absolute terms, the value-add of the construction sector remained 23.7% below its pre-pandemic level due to continued labour shortages as the inflow of migrant workers would take time to recover. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 1.9% in the second quarter, moderating from the 2.9% growth in the first quarter.

With the gradual pick up in construction activities, supported in part by the relaxation of border restrictions on the inflow of migrant workers, the Group will continue to actively monitor the progress to ensure smooth development and completion of its projects.

The Group will also continue to leverage on assistance and support provided by the government for the construction sector during this period to cushion the impact of the pandemic and ensure the sustainability of the business.

According to a projection by the Building and Construction Authority ("BCA") released on 26 January 2022, the total construction demand in 2022 is expected to be between \$27 billion and \$32 billion, while total construction demand in the medium term from 2023 to 2026 is expected to reach between \$25 billion and \$32 billion per year.

The public sector is also expected to lead in the demand, contributing \$14 billion to \$18 billion per year from 2023 to 2026, supported by public housing developments, and various major healthcare and infrastructure developments in the pipeline, such as MRT projects including the Cross Island Line and the Downtown Line Extension, and the redevelopment of Alexandra Hospital.

Meanwhile, private sector construction demand is expected to remain steady in 2022 and in the medium term, reach between \$11 billion and \$13 billion in 2022 and \$11 billion to \$14 billion per year from 2023 to 2026. Residential building demand is anticipated to moderate year-on-year amid more cautious market sentiments due to the latest property cooling measures.

With regards to the private residential property segment, real estate statistics released by the Urban Redevelopment Authority ("URA"), showed a 3.5% quarter on quarter increase for the private residential property price index in 2Q2022, compared to the 0.7% in 1Q2022. Meanwhile, developers sold a total of 2,397 private residential units (excluding ECs) in 2Q2022 compared with the 1,825 units sold in the previous quarter.

With the latest round of property cooling measures including ABSD rates, lower TDSR and LTV rules on 16 December 2021, the Group expects the private residential market to remain challenging and will remain cautious and selective in replenishing its land bank.

The Group will continue to leverage its strong track record and expertise to capture new opportunities in both the public and private construction sector to maintain a strong order book and growth, despite the increasingly competitive and challenging business landscape due to the labour shortage, supply chain disruption and increasing business costs.



Company Outlook and Order Book Update

Going forward, the Group expects that uncertainties will continue to prevail due to global spillovers from the ongoing war in Ukraine which has contributed to shortages beyond the energy and agricultural sectors, leading to soaring commodity prices and elevated inflation. Inflationary concerns have led to central banks tightening monetary policy and raising interest rates. Record-high commodity prices in Singapore are expected to persist for the rest of the year as the construction sector continues to grapple with rising price inflation, high material costs, and a shortage of skilled labour which could lead to reduced efficiency.

While the labour shortage issue was slightly mitigated by the Government's worker retention scheme, put in place between September 2021 and February 2022, the high cost of recruiting migrant workers and increased cost of materials, machinery, transport, and other construction related costs would lead to higher construction costs. To better manage the issue of labour, OKP will also work with the Group's subcontractors to secure foreign workers directly for project deployment.

Prices of raw materials such as steel have also risen due to supply chain disruptions, coupled with demand outpacing supply. To mitigate the impact of rising steel prices, the Group will closely monitor and manage its project costs by locking in prices for key supplies wherever possible.

The Group remains cautiously optimistic as it continues to focus on the smooth execution of its healthy pipeline of ongoing construction and maintenance projects.

As of 30 June 2022, the Group's order book stood at \$279.4 million, with projects extending till 2025. Forging ahead, the Group will focus on strengthening its capabilities in the core civil engineering business so as to retain its status as a leading civil engineering contractor. The Group strives to uphold its performance to ensure consistent execution and delivery of its projects.

On the property development front, the Group's joint venture residential project, The Essence, which was launched in March 2019 and achieved favourable sales, is now fully sold.

The Group's 74-unit residential project in Bukit Panjang, Phoenix Residences, which was launched in November 2020 and re-launched in July 2021, is expected to TOP in November 2023. As at the date of this announcement, with the stepping up of marketing efforts, approximately 86% of the 74 units have been sold.

As for property investment, the Group's investment property at 6-8 Bennett Street in Perth, Australia continues to generate good recurring rental income.

As part of the Group's effort to grow its recurring income through a portfolio of investment properties, the Group had completed the acquisition of a freehold, three-storey shophouse at 35 Kreta Ayer Road in January 2021. The Group had also completed the purchase of freehold, two-storey conservation shophouses at 69 and 71 Kampong Bahru Road in August 2021, through its 51%-owned subsidiary, Raffles Prestige Capital Pte. Ltd. Both acquisitions have contributed positively towards the Group's performance.

In accordance with the Group's long-term strategy to diversify its earnings and to build on its portfolio of recurring income stream, OKP will continue to explore global business opportunities to broaden its foothold in property development and investment through strategic partnerships with esteemed partners.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision

No dividend has been declared/recommendeded for the half year ended 30 June 2022 to preserve the Group's working capital to mitigate the impact of COVID-19 and for opportunities that may arise.

13. Interested person transactions disclosure

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the Singapore Exchanged Securities Trading Limited, entered into by the Group or by the Company during the half year ended 30 June 2022.

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of OKP Holdings Limited confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the half year ended 30 June 2022 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.



16. Use of proceeds as at 30 June 2022

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

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

The amount of \$10.72 million had been utilised to fund the investment in and the loan to CS Amber Development Pte Ltd, a former associated company of the Group. The loan has been fully repaid in the previous financial year.

The unutilised proceeds are deposited with a bank pending deployment.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
8 August 2022