OKP HOLDINGS LIMITED
胡金標控股有限公司

OKP HOLDINGS LIMITED
(Incorporated in Singapore with Registration No. 200201165G)

RESPONSE TO QUESTIONS FROM A SHAREHOLDER

The Board of Directors of OKP Holdings Limited (the "**Company**" or "**OKP**", and together with its subsidiaries, the "**Group**") refers to the questions received from a shareholder ahead of the Company's Annual General Meeting to be held on 28 April 2026 at 11.00 a.m. The Company wishes to provide its response below.

Q1. I know you've consistently kept a big cash pile to show to government agencies that you won't go under. But how much does this cash pile really need to be? Again, we're not asking for dividends, but I'm wondering if you can do more things that boost the shareholder returns, like buybacks, etc., which you've not done.

Maintaining a strong balance sheet is fundamental to the Group's ability to operate effectively in the construction sector, where project cycles are long, cash flows can be uneven, and risks such as cost overruns or delays can occur. Our cash reserves, seemingly big, is an outcome of our past experience in the many projects that we had successfully completed. We monitor it closely and try to optimise our cash flow according to our needs.

Our cash reserves also serve specific operational purposes. Government agencies and major clients typically require contractors to furnish performance bonds and guarantees and our bankers look to the strength of our balance sheet when extending these facilities. Additionally, tender prequalification for larger public infrastructure projects involves the requisite net worth and liquidity thresholds. A contractor that cannot demonstrate sufficient financial capacity may not be invited to bid on the larger projects. In addition, our financial strength enables us to execute ongoing projects without straining working capital or becoming over-reliant on credit facilities during market downturns when financing terms may tighten.

Furthermore, a healthy balance sheet and strong cash flows offer us the flexibility to invest in new growth opportunities as and when they arise, for instance tenders for new infrastructure projects in Singapore or overseas.

To ensure our cash reserves remain productive, we have transitioned these funds from standard bank accounts into a tiered portfolio of short-term deposits and cash equivalents. This approach ensures we capture optimised interest yields while maintaining the immediate liquidity required for both current project obligations and opportunistic growth and maintain a strong safety net to weather any economic downturn.

We remain focused on our core businesses of construction and maintenance to drive sustained earnings growth. From time to time, we will carefully evaluate capital management initiatives that enhance shareholder value, taking into account prevailing market conditions and the best interests of the Company and shareholders.

Q2. The share split was a good idea. Can I ask what sparked that?

The bonus issue was undertaken to reward and give due recognition to shareholders for their loyalty and continuing support for the Company. This was a deliberate capital management initiative designed to enhance trading liquidity by increasing the free float, whilst rewarding shareholders through an increase in their shareholding proportionate to their existing stake. Unlike a dividend, a bonus issue does not deplete cash reserves needed for operations, and unlike a share buyback, it improves liquidity rather than reduces shares in circulation.

In addition, the bonus issue was intended to make the Company's shares more accessible to investors, enhance greater participation by investors and broaden our shareholder base.

Q3. And can you share what your thinking is in terms of future capital allocation?

In the face of ongoing macroeconomic uncertainties, we will adopt a disciplined and prudent approach to capital allocation, focused on maintaining a strong balance sheet while selectively pursuing opportunities that enhance shareholder value.

Our focus remains on projects that align with our core competencies in transport infrastructure and civil engineering, and capital expenditure relating to this could include the purchase of new equipment to support existing and newly awarded projects.

Q4. How are you controlling your raw material costs in this period, and do you see compressions already in your margins?

	FY2025	FY2024
Purchase of materials	\$18.3 million	\$19.5 million
Cost of sales	\$151.0 million	\$123.6 million
As a percentage of cost of sales	12.1%	15.8%

Construction materials accounted for approximately 12.1% and 15.8% of our total cost of sales in FY2025 and FY2024 respectively. We are not heavily exposed to volatility in raw material prices. As a result, we have not seen any significant compression in our margins from changes in raw material prices. We will continue to monitor the situation closely and manage procurement efficiently, but overall the impact remains limited, barring any significant deterioration in the global or local economic environment.

Our team of experienced project directors, project managers and quantity surveyors plays a key role in analysing tender documents and ensuring our proposals are competitive yet sustainable. We also build strong relationships with suppliers and subcontractors, who offer competitive pricing, thereby helping us control costs without compromising on quality. Where possible, we would lock in the prices of the raw materials for each project.

Q5. It does look like your property investments aren't playing off well, particularly in Australia, compared to what you're profiting here in Singapore - in the residential development space. The office market seems to be quite challenging. Any thoughts around pivoting into the student or worker accommodation subsection in those markets?

In FY2025, the Group's rental income was impacted by ongoing major renovations at our property located at 6-8 Benett Street in Perth, Western Australia, and the transition period following tenant departures in FY2024. Once the renovations are complete, occupancy is expected to increase and rental income is expected to improve.

Property investment is not our core business. Our focus remains on our construction and maintenance businesses, particularly in public sector civil engineering and infrastructure projects in Singapore. These areas provide stable demand and align well with the Group's technical strengths, capabilities and track record.

Nevertheless, to diversify our income streams, the Group remains open to and will carefully consider any appropriate opportunities.

Q6. And you've mentioned that you own the dorms where your workers live - I'm wondering why you don't go more strongly into that work dorm development area, since you're already doing residential developments? It seems your competencies lie more in managing foreign workers, and their accommodation, than the commercial office subsegment? Again, this isn't to imply that you're not doing a good job, I know you're trying your best, but the office management business seems a bit too far out of your normal business compared to worker dorms, and others like Centurion seem to have profited a lot from doing that.

Our priority is to allocate resources to areas where we have established expertise, namely our core construction and maintenance businesses. While we remain open to diversification for long-term growth, any expansion ventures will be carefully considered and pursued selectively through strategic partnerships, with a focus on enhancing income resilience. As mentioned, to diversify our income streams, the Group remains open to and will carefully consider any appropriate opportunities.

By Order of the Board

Or Toh Wat
Group Managing Director
22 April 2026