

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 29 April 2025 at 11.00 a.m. The Company wishes to provide its response below.

Q1: I understand that the group has not won many MRT type projects as the main contractor, but can I understand that if you do that as a subcontractor? And if you do, does that bring down your margins significantly?

The Group has not undertaken any MRT projects whether as a main contractor or a subcontractor.

Q2: Can you explain more behind your high gross margins, and share if that margin can be maintained? I’m trying to understand if this is more an anomaly because of the recent projects or whether it’s because of underlying shifts in your business model.

The gross margin for the Group’s business varies, based on a multitude of factors. These include project complexity, market conditions and competition within the market.

The Group recorded a higher gross profit margin of 32.0% in FY2024, up 16.6 percentage points from FY2023, mainly attributed to the Group’s ongoing initiatives to enhance efficiency, productivity and cost management, despite higher overhead costs and rising manpower costs.

The Group strives to maintain healthy margins through a disciplined approach to cost management and operational prudence without compromising on quality. Strong execution remains a priority, ensuring projects are completed on time and within budget and without incurring unnecessary additional costs. The Group remains committed to a high level of operational efficiency and will continue to improve project management, while integrating technology into its business processes and upgrading its workforce for greater efficiency and productivity. While the Group endeavours to maximise its profit margins, it may not always succeed in doing so due to factors beyond its control.

Q3: Can I ask if the group is exploring more ways to enhance shareholder returns, such as through buybacks, and not necessarily dividends? I can see that you have much cash on hand, and that could be to show the Government. But at what point does this become too excessive? What are reasonable and not excessive cash levels to maintain?

The Group expects the operating landscape in the construction industry to remain unpredictable, driven by rising costs for manpower, building materials and resources and the latest US tariffs that has placed an unprecedented strain on the global trade system.

To mitigate these risks, the Group maintains a robust balance sheet and exercises prudent financial management to navigate interest rate fluctuations. The Group also employs disciplined debt management, optimises fixed deposit placements, and diversifies revenue streams through property investments and recurring rental income.

In addition, maintaining a strong cash position allows the Group to support its ongoing project requirements and provides the Group the flexibility to capitalise on new opportunities or new ventures which might require initial capital outlays. The lack of liquidity will limit the Group's ability to pursue these growth opportunities.

Supported by a strong balance sheet with free cash and cash equivalents totaling \$124.3 million as at 31 December 2024, OKP is well positioned to take advantage of opportunities to sustain its growth trajectory.

Dividends allow shareholders to stay invested in the Company. By adopting prudent financial management such as maintaining healthy cash reserves to avoid excessive leverage and associated risks, the Company strives to enhance shareholder value. Share buybacks remain a consideration, but the Company will continue to assess capital deployment opportunities to maximise shareholder value while maintaining financial prudence.

By Order of the Board

Or Toh Wat
Group Managing Director
23 April 2025