



**Half Year Financial
Statements for the Period
Ended 30 June 2023**

4 August 2023

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Half Year Financial Statements for the Period Ended 30 June 2023
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		2023	2022	
		\$'000	\$'000	%
Revenue	4	70,005	53,594	30.6
Cost of sales		(67,941)	(48,607)	39.8
Gross profit		2,064	4,987	(58.6)
Other gains, net		45,086	1,003	4395.1
Expenses				
- Administrative		(7,387)	(3,871)	90.8
- Finance		(1,041)	(644)	61.6
Share of profit of associated companies and joint ventures, net		215	296	(27.4)
Profit before income tax	6	38,937	1,771	2098.6
Income tax expense	7	(3,113)	(517)	502.1
Net profit		35,824	1,254	2756.8
Gross profit margin		2.9%	9.3%	
Net profit margin		51.2%	2.3%	
Effective tax rate		8.0%	29.2%	
Net profit attributable to:				
Equity holders of the Company		35,636	1,188	2899.7
Non-controlling interests		188	66	184.8
		35,824	1,254	2756.8
Other comprehensive loss:				
Currency translation differences arising from consolidation	i	(58)	(240)	(75.8)
Total comprehensive income, net of tax		35,766	1,014	3427.2
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		35,606	1,065	3243.3
Non-controlling interests		160	(51)	413.7
		35,766	1,014	3427.2

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 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
		71,228	25,970	2,067	1,461
	9	4,988	17,935	20,251	17,789
	10	23,420	23,979	-	-
		1,929	1,592	-	-
		<u>101,565</u>	<u>69,476</u>	<u>22,318</u>	<u>19,250</u>
Non-current assets					
	11	-	-	19,534	19,534
	12	67	45	-	-
	13	1,769	1,521	-	-
	14	78,118	78,505	-	-
	15	2,003	2,005	-	-
	16	14,435	13,490	1,218	1,189
	17	20,916	23,952	12,926	12,977
	18	17,023	13,537	-	-
	19	1,698	1,706	5	7
		885	664	-	-
		<u>136,914</u>	<u>135,425</u>	<u>33,683</u>	<u>33,707</u>
		<u>238,479</u>	<u>204,901</u>	<u>56,001</u>	<u>52,957</u>
LIABILITIES					
Current liabilities					
	20	28,920	28,076	8,374	2,855
	18	3,080	2,951	-	-
	21	9,221	12,880	-	3,450
		3,280	266	614	73
		<u>44,501</u>	<u>44,173</u>	<u>8,988</u>	<u>6,378</u>
Non-current liabilities					
	20	13,095	15,068	-	-
	18	5,047	4,724	-	-
	21	15,529	16,156	-	-
		916	1,065	6	7
		<u>34,587</u>	<u>37,013</u>	<u>6</u>	<u>7</u>
		<u>79,088</u>	<u>81,186</u>	<u>8,994</u>	<u>6,385</u>
		<u>159,391</u>	<u>123,715</u>	<u>47,007</u>	<u>46,572</u>
		<u>157,693</u>	<u>122,009</u>	<u>47,002</u>	<u>46,565</u>



		The Group		The Company	
Note		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		\$'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	5,689	3,660	-	-
Retained profits		111,989	78,502	10,410	9,975
		<u>154,275</u>	<u>118,759</u>	<u>47,007</u>	<u>46,572</u>
Non-controlling interests		5,116	4,956	-	-
		<u>159,391</u>	<u>123,715</u>	<u>47,007</u>	<u>46,572</u>
Total equity		<u>159,391</u>	<u>123,715</u>	<u>47,007</u>	<u>46,572</u>



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 2023		36,832	(235)	2,108	1,372	180	78,502	118,759	4,956	123,715
Profit for the period		-	-	-	-	-	35,636	35,636	188	35,824
Other comprehensive loss for the period		-	-	-	-	(30)	-	(30)	(28)	(58)
		-	-	-	-	(30)	35,636	35,606	160	35,766
Fair value adjustment on interest-free loan		-	-	2,059	-	-	-	2,059	-	2,059
Dividend relating to FY2022	8	-	-	-	-	-	(2,149)	(2,149)	-	(2,149)
As at 30 Jun 2023		36,832	(235)	4,167	1,372	150	111,989	154,275	5,116	159,391
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



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 2023 36,832 (235) 9,975 46,572

Total comprehensive income for the period - - 2,584 2,584

Dividend relating to FY2022 8 - - (2,149) (2,149)

As at 30 Jun 2023 36,832 (235) 10,410 47,007

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



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	
		2023	2022
Note		\$'000	\$'000
Cash flows from operating activities			
	Net profit	35,824	1,254
	Adjustments for:		
	- Income tax expense	3,113	517
6	- Depreciation of property, plant and equipment	949	942
6	- Depreciation of right-of-use assets	1,525	1,202
6	- Amortisation of intangible assets	9	10
	- Fair value adjustment on investment property	44	-
6	- Gain on disposal of right-of-use assets	-	(2)
6	- Gain on disposal of property, plant and equipment, net	(90)	(19)
	- Share of results of associated companies and joint ventures, net	(215)	(296)
6	- Interest income	(434)	(60)
	- Interest expense	1,041	644
	- Foreign exchange differences	(28)	347
	Operating cash flow before working capital changes	41,738	4,539
	Change in working capital		
	- Trade and other receivables	12,947	(2,665)
	- Contract assets	558	(3,333)
	- Inventories	(337)	(2,052)
	- Trade and other payables	403	727
	Cash provided by/(used in) operations	55,309	(2,784)
	- Interest received	418	57
	- Income tax paid	(469)	(506)
	Net cash provided by/(used in) operating activities	55,258	(3,233)
	Cash flows from investing activities		
	- Additions to property, plant and equipment	(934)	(579)
	- Additions to right-of-use assets	(292)	-
	- Purchases of other investments at amortised cost	-	(2,000)
	- Advance to an associated company	(1,000)	(1,500)
	- Proceeds from disposal of property, plant and equipment	132	21
	- Proceeds from disposal of right-of-use assets	-	58
	- Interest received	17	-
	Net cash used in investing activities	(2,077)	(4,000)



Consolidated statement of cash flows (Cont'd)

		The Group	
		Half Year ended 30 June	
		2023	2022
Note		\$'000	\$'000
	Cash flows from financing activities		
	- Repayment of lease liabilities	(1,286)	(1,456)
	- Advance from a non-controlling shareholder	441	-
	- Interest paid	(821)	(420)
	- Repayment of borrowings	(4,094)	(1,166)
8	- Dividend paid to shareholders	(2,149)	(2,149)
	- Bank deposits pledged	(215)	(54)
	Net cash used in financing activities	(8,124)	(5,245)
	Net increase/(decrease) in cash and cash equivalents	45,057	(12,478)
	Cash and cash equivalents at the beginning of the financial period	20,794	45,835
	Effects of currency translation on cash and cash equivalents	(13)	(41)
	Cash and cash equivalents at the end of the financial period	65,838	33,316

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 2023	30 Jun 2022
		\$'000	\$'000
	Cash at bank and on hand	41,706	16,776
	Short-term bank deposits	29,140	21,654
	Trust account – Cash at bank	382	136
		71,228	38,566
	Short-term bank deposits pledged to banks	(5,390)	(5,250)
	Cash and cash equivalents per consolidated statement of cash flows	65,838	33,316

Short-term bank deposits of \$5,390,322 (30 June 2022: \$5,249,635) 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 2023 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 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting (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 2022.

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.

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 2022.

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
- Impairment of other receivables – loan to associated companies

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 2022.



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 2023				Previous financial period ended 30 Jun 2022			
	Construction	Maintenance	Rental income	Total	Construction	Maintenance	Rental income	Total
The Group								
Revenue	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue	65,822	26,281	3,174	95,277	65,348	13,026	3,252	81,626
Inter-segment revenue	(25,272)	-	-	(25,272)	(28,032)	-	-	(28,032)
Revenue from external parties	40,550	26,281	3,174	70,005	37,316	13,026	3,252	53,594
Gross profit	(2,610)	2,679	1,995	2,064	1,072	1,894	2,021	4,987
Other income								
- Allocated			(44)	(44)			-	-
- Unallocated				45,303				1,717
Other losses								
- Allocated			-	-			-	-
- Unallocated				(173)				(714)
Administrative costs								
- Allocated			(314)	(314)			(153)	(153)
- Unallocated				(7,073)				(3,718)
Share of profit/(loss) of joint venture companies				22				4
Share of profit of associated companies				193				292
Finance expenses				39,978				2,415
- Allocated			(864)	(864)			(520)	(520)
- Unallocated				(177)				(124)
Profit before income tax				38,937				1,771
Income tax expense								
- Allocated			(4)	(4)			(322)	(322)
- Unallocated				(3,109)				(195)
Net profit for the interim period				35,824				1,254
Depreciation of property, plant and equipment	647	104	-	751	604	124	-	728
Depreciation of right-of-use	1,032	462	-	1,494	1,017	179	-	1,196
Amortisation	4	-	-	4	4	-	-	4
Segment assets								
- Allocated	25,531	4,426	82,638	112,595	27,433	4,094	77,714	109,241
- Unallocated			125,884	125,884			92,822	92,822
Total assets				238,479				202,063
Additions to								
- Right-of-use assets								
- Allocated	411	-	-	411	555	38	-	593
- Unallocated			1,620	1,620			1,066	1,066
				2,031				1,659
Segment liabilities								
- Allocated	15,693	6,867	38,780	61,340	13,468	5,263	47,942	66,673
- Unallocated			17,748	17,748			11,253	11,253
Total liabilities				79,088				77,926



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	
2023	2022
\$'000	\$'000

Over time

Construction and maintenance

- Singapore

66,831 50,342

Rental income

- Singapore

- Australia

342	157
2,832	3,095
3,174	3,252
70,005	53,594

5. Financial assets and financial liabilities

The Group		The Company	
30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
\$'000	\$'000	\$'000	\$'000

Financial assets

Cash and cash equivalents

71,228 25,970 2,067 1,461

Trade and other receivables

18,497 29,983 21,455 18,913

Other investments at amortised cost

2,003 2,005 - -

91,728 57,958 23,522 20,374

Financial liabilities

Trade and other payables

42,015 43,144 8,374 2,855

Lease liabilities

8,127 7,675 - -

Borrowings

24,750 29,036 - 3,450

74,892 79,855 8,374 6,305



6. Profit before taxation

6.1 Significant items

		The Group		
		Half Year ended 30 June		Increase/ (Decrease)
Notes		2023	2022	
		\$'000	\$'000	%
<u>Income</u>				
	Interest income - bank deposits	418	60	596.7
	Interest income – other investments at amortised cost	16	3	433.3
	Gain on disposal of property, plant and equipment (net)	90	19	373.7
	Gain on disposal of right-of-use assets	-	2	n.m.
	Government grants	863	1,556	(44.5)
	Arbitral award	43,793	-	n.m.
<u>Expenses</u>				
	Non-audit fee paid to the auditors of the Company	15	13	15.4
	Amortisation of intangible assets	5	5	-
	Depreciation of property, plant and equipment	198	214	(7.5)
	Depreciation of right-of-use assets	30	6	400.0
	Directors' remuneration			
	- Directors of the Company	3,598	1,195	201.1
	- Other directors	185	185	-
	Directors' fees	90	90	-
	Interest paid and payable			
	- Bank borrowings	710	333	113.2
	- Lease liabilities	110	88	25.0
	- Notional interest on loan	221	223	(0.9)
	Loss on foreign exchange	173	714	(75.8)
	Employee compensation	2,042	1,568	30.2
<u>Included in the cost of sales are the following: -</u>				
	Depreciation of property, plant and equipment	751	728	3.2
	Depreciation of right-of-use assets	1,494	1,196	24.9
	Amortisation of intangible assets	4	5	(20.0)
	Employee compensation	15,598	15,626	(0.2)

n.m. - not meaningful

Note:

- (a) 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	
2023	2022
\$'000	\$'000

Tax expense attributable to profit is made up of:

- Profit from current financial year:

Current income tax

- Singapore
- Foreign

2,981	34
115	299
3,096	333

Deferred income tax

- Singapore
- Foreign

146	174
(129)	10
17	184

3,113	517
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8. Dividends

The Group and the Company	
Half Year ended 30 June	
2023	2022
\$'000	\$'000

Ordinary dividends paid

Final one-tier tax exempt dividend paid in respect of the previous financial year of \$0.007 (2022: \$0.007) per share

2,149	2,149
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9. Trade and other receivables

	The Group		The Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Non-related parties	2,201	12,827	-	-
- Subsidiary corporations	-	-	8,923	6,433
	2,201	12,827	8,923	6,433
- Retention sums	46	154	-	-
Other receivables				
- Subsidiary corporations	-	-	11,967	11,967
- Associated companies	9	9	-	-
- Joint ventures	35	35	-	-
- Non-related parties	574	901	-	-
	618	945	11,967	11,967
Less: Impairment loss on receivables	-	-	(688)	(688)
Other receivables - net	618	945	11,279	11,279
Advances to suppliers/sub-contractors	-	6	-	-
Deposits	1,197	2,566	35	12
Prepayments	926	1,437	14	65
	4,988	17,935	20,251	17,789

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

10. Contract assets

	The Group	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
<u>Contract assets</u>		
Construction and maintenance contracts	23,420	23,979

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for the revenue from construction and maintenance contracts. Contract assets are transferred to receivables when the rights become unconditional.



11. Investments in subsidiary corporations

The Company		
30 Jun 2023	31 Dec 2022	
\$'000	\$'000	
Beginning and end of financial period/year	17,632	17,632
<u>Allowance for impairment</u>		
Beginning and end of financial period/year	(110)	(110)
<u>Loan to a subsidiary corporation</u>		
Beginning of financial period/year	2,012	1,697
Notional fair value of loan, representing additional capital contribution	-	315
End of financial period/year	2,012	2,012
	<u>19,534</u>	<u>19,534</u>

Name of subsidiary corporations	Principal activities	Country of incorporation/ registration	Equity holding held by the Group	
			30 Jun 2023	31 Dec 2022
<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%



Name of subsidiary corporations	Principal activities	Country of incorporation/ registration	Equity holding held by the Group	
			30 Jun 2023	31 Dec 2022

Held by Or Kim Peow Contractors (Private) Limited and Eng Lam Contractors Co (Pte) Ltd

Unincorporated joint venture

EL-OKP JV ^(^)	Business of general construction	Singapore	100%	100%
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Held by OKP Land Pte Ltd

Raffles Prestige Capital Pte Ltd ^(@)	Investment holding	Singapore	51%	51%
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Held by Raffles Prestige Capital Pte Ltd

Bennett WA Investment Pty Ltd ^(#)	Property investment	Australia	51%	51%
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(@) Audited by CLA Global TS Public Accounting Corporation

(#) Audited by Nexia Perth Audit 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 2023	31 Dec 2022
\$'000	\$'000

Interests in joint ventures

Beginning of financial period/year	45	32
Share of profit of joint ventures	22	20
Capital reduction in a joint venture	-	(7)
End of financial period/year	67	45

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Country of incorporation	Percentage of ownership interest	
			30 Jun 2023	31 Dec 2022

Held by subsidiary corporations

Incorporated joint ventures

Lakehomes Pte Ltd ^{(^)(1)}	Property development	Singapore	10%	10%
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Unincorporated joint ventures

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

On 12 December 2022, CJ-OKP undertook a capital reduction. Accordingly, the Group received an amount of \$6,509.

On 3 February 2023, CJ-OKP was dissolved and deregistered.

- (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 2023	31 Dec 2022
	\$'000	\$'000
Assets		
- Current assets	2,207	4,775
Liabilities		
- Current liabilities	(1,968)	(4,693)
Net assets	239	82
Revenue	19,882	18,160
Expenses	(19,847)	(18,128)
Profit before income tax	35	32
Income tax expense	(8)	-
Net profit	27	32

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 2023	31 Dec 2022
\$'000	\$'000

Interests in associated companies

Beginning of financial period/year	1,522	916
Notional fair value of loan (net)	54	(90)
Share of profit of associated companies	193	696
End of financial period/year	1,769	1,522

Name of associated companies	Principal activities	Country of incorporation	Equity holding	
			30 Jun 2023	31 Dec 2022

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 CLA Global 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 2023	31 Dec 2022
	\$'000	\$'000
Assets		
- Current assets	111,352	113,019
- Non-current assets	675	751
Liabilities		
- Current liabilities	(9,432)	(11,735)
- Non-current liabilities	(112,139)	(109,856)
Net liabilities	(9,544)	(7,821)
Revenue	42,321	78,959
Total comprehensive loss	(2,596)	(8,242)

The Group has not recognised its share of loss of its associated company, USB Holdings Pte Ltd amounting to \$863,255 (30 June 2022: \$2,149,688) 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 \$5,416,472 (30 June 2022: \$3,869,636) as at 30 June 2023.

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 2023	31 Dec 2022
	\$'000	\$'000
Beginning of financial period/year	78,505	78,487
Currency translation differences	(343)	(2,231)
Net fair value (loss)/gain recognised in profit and loss	(44)	2,249
End of financial period/year	78,118	78,505

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 2023	31 Dec 2022
	\$'000	\$'000
Beginning of financial period/year	2,005	-
Additions	-	2,000
Interest received	(5)	-
Accrued interest	3	5
End of financial period/year	<u>2,003</u>	<u>2,005</u>

16. Other receivables (non-current)

	The Group		The Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Loans to associated companies	15,572	14,572	-	-
Less: Notional fair value of loan	(637)	(582)	-	-
Less: Impairment loss on other receivables	(500)	(500)	-	-
	<u>14,435</u>	<u>13,490</u>	-	-
Loan to a subsidiary corporation	-	-	1,500	1,500
Less: Notional fair value of loan (net)	-	-	(282)	(311)
	-	-	<u>1,218</u>	<u>1,189</u>
	<u>14,435</u>	<u>13,490</u>	<u>1,218</u>	<u>1,189</u>

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 2023, the Group acquired property, plant and equipment amounting to \$1.2 million (30 June 2022: \$0.6 million) and disposed of property, plant and equipment amounting to \$42,000 (30 June 2022: \$2,000).



18. Leases

(a) Amounts recognised in the statements of financial position

	The Group	
	30 Jun 2023	31 Dec 2022
	\$'000	\$'000
<u>Right-of-use assets</u>		
Office unit	57	94
Plant and machineries	14,041	10,636
Motor vehicles	1,821	1,208
Use of state land for worksites	1,104	1,599
	<u>17,023</u>	<u>13,537</u>
<u>Lease liabilities</u>		
Current	3,080	2,951
Non-current	5,047	4,724
	<u>8,127</u>	<u>7,675</u>

(b) Amounts recognised in the statement of comprehensive income

	The Group	
	Half Year ended 30 June	
	2023	2022
	\$'000	\$'000
<u>Depreciation of right-of-use assets</u>		
Office unit	42	40
Plant and machineries	802	721
Motor vehicles	133	144
Use of state land for worksites	547	297
	<u>1,524</u>	<u>1,202</u>
Interest expense (included in finance expenses)	<u>110</u>	<u>88</u>

19. Intangible assets

	The Group		The Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<u>Composition:</u>				
Goodwill (Note a)	1,688	1,688	-	-
Computer software licences (Note b)	10	18	5	7
	<u>1,698</u>	<u>1,706</u>	<u>5</u>	<u>7</u>



(a) Goodwill

This represents goodwill on acquisitions of subsidiary corporations which is the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

The Group	
30 Jun 2023	31 Dec 2022
\$'000	\$'000

Cost/net book value

Beginning and end of financial period/year	1,688	1,688
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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 2023 was determined similarly to the 31 December 2022 goodwill impairment test, and was based on the following key assumptions:

- Gross margin of 3% - 9% (2022: 3% - 9%)
- Growth rate of 3% - 8% (2022: 3% - 8%)
- Discount rate of 7.2% (2022: 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.

(b) Computer software licences

The Group		The Company	
30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
\$'000	\$'000	\$'000	\$'000

Cost

Beginning and end of financial period/year	520	520	78	78
<i>Accumulated Amortisation</i>				
Beginning of financial period/year	501	483	71	66
Amortisation charge	9	19	2	5
End of financial period/year	510	502	73	71
Net book value	10	18	5	7

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.



20. Trade and other payables

	The Group		The Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Trade payables				
- Non-related parties	19,612	19,225	279	82
Other payables				
- Subsidiary corporations	-	-	5,156	1,955
- Non-controlling interests	1,112	674	-	-
- Non-related parties	608	427	-	-
	1,720	1,101	5,156	1,955
Accrued operating expenses	7,588	7,750	2,939	818
	<u>28,920</u>	<u>28,076</u>	<u>8,374</u>	<u>2,855</u>
<u>Non-current</u>				
Other payables				
- Loan from a non-controlling interest	15,307	15,428	-	-
- Less: Notional fair value of loan	(2,212)	(359)	-	-
	<u>13,095</u>	<u>15,068</u>	<u>-</u>	<u>-</u>

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

The non-current loan from a non-controlling interest 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 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
Current				
Secured bank term loans ^(a)	721	730	-	-
Secured bank facilities ^(b)	8,500	12,150	-	3,450
	9,221	12,880	-	3,450
Non-current				
Secured bank term loans ^(a)	15,529	16,156	-	-
	24,750	34,020	-	3,450

- (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 investment properties of the Group;
 - Certain short-term bank deposits;
 - Proportionate guarantee from non-controlling shareholder and the Company; and
 - Personal guarantee from certain directors 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 2023				
Beginning and end of financial period	308,431	(1,469)	36,832	(235)
31 Dec 2022				
Beginning and end of financial year	308,431	(1,469)	36,832	(235)

The Company's subsidiary corporations do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.



23. Other reserves

The Group	
30 Jun 2023	31 Dec 2022
\$'000	\$'000

(a) Composition:

Asset revaluation reserve	1,372	1,372
Currency translation reserve	150	180
Capital reserve	4,167	2,108
	<u>5,689</u>	<u>3,660</u>

(b) Movements

Asset revaluation reserve

Beginning and end of financial period/year	<u>1,372</u>	<u>1,372</u>
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Currency translation reserve

Beginning of financial period/year	180	(38)
Currency translation differences arising from consolidation	(58)	427
Less: Non-controlling interests	<u>28</u>	<u>(209)</u>
	<u>(30)</u>	<u>218</u>
End of financial period/year	<u>150</u>	<u>180</u>

Capital reserve

Beginning of financial period/year	2,108	2,108
Fair value adjustment on interest-free loan	2,059	-
End of financial period/year	<u>4,167</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 2023			As at 31 Dec 2022		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	3,080	-	Lease liabilities	2,951	-
Bank borrowings	9,221	-	Bank borrowings	12,880	-
Total	12,301	-	Total	15,831	-

- (b) Amount repayable after one year

As at 30 Jun 2023			As at 31 Dec 2022		
	\$'000	\$'000		\$'000	\$'000
	Secured	Unsecured		Secured	Unsecured
Lease liabilities	5,047	-	Lease liabilities	4,724	-
Bank borrowings	15,529	-	Bank borrowings	16,156	-
Total	20,576	-	Total	20,880	-

- (c) Details of any collateral

The above secured borrowings of the Group relate to:

- (1) lease liabilities of \$8.1 million secured by corporate guarantees of the Company and charges over the property, plant and equipment under the leases; and
- (2) bank borrowings of \$24.8 million secured by first legal mortgage over investment properties of the Group, pledge of certain bank deposits, and corporate guarantees of the Company and 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 2022.

No shares were bought back by the Company during the first half year ended 30 June 2023 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 2023 (30 June 2022: 1,469,100 treasury shares, 0.48%).

There were no outstanding convertibles issued by the Company and no subsidiary holdings as at 30 June 2023 and 30 June 2022.

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 2023	31 Dec 2022
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 2023.

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 2022.

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 2023. 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) %
	2023	2022	
Net profit attributable to equity holders of the Company (\$'000)	35,636	1,188	2899.7
Weighted average number of ordinary shares in issue	307,467,992	307,467,992	-
Basic earnings per share (cents per share)	11.59	0.39	2871.8
Diluted earnings per share (cents per share)	11.59	0.39	2871.8



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 2023	As at 31 Dec 2022	As at 30 Jun 2023	As at 31 Dec 2022	The Group	The Company
Net tangible assets (\$'000)	157,693	122,009	47,002	46,565	29.2	0.9
Number of shares (excluding treasury shares)	306,961,494	306,961,494	306,961,494	306,961,494	-	-
NTA per share (cents)	51.37	39.75	15.31	15.17	29.2	0.9

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 2023

	The Group					
	Current Half Year ended 30 Jun 2023		Previous Half Year ended 30 Jun 2022		Increase/(Decrease)	
	\$'000	%	\$'000	%	\$'000	%
Construction	40,550	57.9	37,316	69.6	3,234	8.7
Maintenance	26,281	37.6	13,026	24.3	13,255	101.8
Rental income	3,174	4.5	3,252	6.1	(78)	(2.4)
Total Revenue	70,005	100.0	53,594	100.0	16,411	30.6

Revenue

Our Group reported a 30.6% or \$16.4 million increase in revenue to \$70.0 million during the first half year ended 30 June 2023 ("1H2023") as compared to \$53.6 million during the first half year ended 30 June 2022 ("1H2022"). The improvement was mainly due to the 8.7% increase in revenue from the construction segment to \$40.6 million and a 101.8% increase in revenue from the maintenance segment to \$26.2 million, partially offset by a 2.4% decrease in rental income.

Both the construction and maintenance segments registered positive revenue growth in 1H2023 as compared to 1H2022. It was mainly due to the higher percentage of revenue recognised from a number of both existing and newly awarded construction and maintenance projects as they progressed to a more active phase in 1H2023.

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 being denominated in Australian dollar.

Both the construction and maintenance segments continued to be the major contributors to our Group's revenue. On a segmental basis, construction, maintenance and rental income accounted for 57.9% (1H2022: 69.6%), 37.6% (1H2022: 24.3%) and 4.5% (1H2022: 6.1%) of our Group's revenue, respectively, for 1H2023.



Cost of sales

	The Group					
	Current Half Year ended 30 Jun 2023		Previous Half Year ended 30 Jun 2022		Increase/(Decrease)	
	\$'000		\$'000		\$'000	%
Construction	66,762		47,376		19,386	40.9
Maintenance						
Rental income	1,179		1,231		(52)	(4.2)
Total cost of sales	67,941		48,607		19,334	39.8

Our cost of sales increased by 39.8% or \$19.3 million from \$48.6 million for 1H2022 to \$67.9 million for 1H2023. The increase in cost of sales was due mainly to:

- the increase in sub-contracting costs, which were mainly costs incurred for premix works, signages, asphalt works, mechanical and electrical works, soil-testing, landscaping and metalworks usually sub-contracted to external parties;
- the increase in the cost of construction materials due to higher utilisation of materials and increases in prices of construction materials; and
- an increase in overheads such as hiring costs which were related to rental of additional heavy equipment and machineries to support existing projects,

during 1H2023.

Gross profit and gross profit margin

	The Group					
	Current Half Year ended 30 Jun 2023		Previous Half Year ended 30 Jun 2022		Increase/(Decrease)	
	\$'000	Gross Profit Margin	\$'000	Gross Profit Margin	\$'000	%
Construction	69	0.1%	2,966	5.9%	(2,897)	(97.7)
Maintenance						
Rental income	1,995	62.9%	2,021	62.2%	(26)	(1.3)
Total gross profit	2,064	2.9%	4,987	9.3%	(2,923)	(58.6)

Overall, our gross profit for 1H2023 decreased by 58.6% or \$2.9 million from \$5.0 million for 1H2022 to \$2.1 million for 1H2023.

The gross profit generated from rental income remained relatively consistent for both 1H2022 and 1H2023. However, there was a decrease of \$2.9 million in the gross profit of the construction and maintenance segments, from \$3.0 million in 1H2022 to \$0.1 million in 1H2023.



Notwithstanding the higher revenue registered by the construction and maintenance segments in 1H2023, the gross profit margin plunged from 5.9% for 1H2022 to 0.1% for 1H2023, largely due to higher material costs and rising sub-contracting costs as mentioned above.

Other gains, net

Other gains increased by \$44.1 million or 4395.1%, from \$1.0 million for 1H2022 to \$45.1 million for 1H2023. The increase was mainly due to:

- (a) the increase in interest income by \$0.4 million resulting from higher interest rate from bank deposits;
- (b) the arbitral award of \$43.8 million in relation to the Contract 449A worksite incident; and
- (c) a decrease 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,

which were partially offset by:

- (d) a decrease of \$0.7 million in government grant,

during 1H2023.

Administrative expenses

Administrative expenses increased by \$3.5 million or 90.8%, from \$3.9 million for 1H2022 to \$7.4 million for 1H2023. The increase was largely due to (1) increase in employee compensation due to salary adjustment and (2) higher directors' remuneration (including profit sharing) accrued as a result of the higher profit generated by the Group for 1H2023.

Finance expenses

	The Group	
	Half Year ended 30 Jun 2023	Half Year ended 30 Jun 2022
	\$'000	\$'000
Lease liabilities	110	88
Notional interest on loan	221	223
Bank borrowings	710	333
	<u>1,041</u>	<u>644</u>

Finance expenses increased by \$0.4 million or 61.6%, from \$0.6 million for 1H2022 to \$1.0 million for 1H2023. The increase was attributable to the increase in interest expenses by \$0.4 million, incurred on the bank borrowings, following the rising interest rates charged by the financial institutions.



Share of results of associated companies and joint ventures

	The Group	
	Half Year ended 30 Jun 2023	Half Year ended 30 Jun 2022
	\$'000	\$'000
Share of profit of joint ventures	22	4
Share of profit of associated companies	193	292
	215	296

The share of results of associated companies and joint ventures decreased by \$0.1 million or 27.4%, from \$0.3 million for 1H2022 to \$0.2 million for 1H2023. The decrease was attributable to the decrease in share of profit of the Group's 22.5%-held associated company, Chong Kuo Development Pte Ltd, during 1H2023.

Profit before income tax

Profit before income tax increased by \$37.2 million or 2098.6%, from \$1.7 million for 1H2022 to \$38.9 million for 1H2023. The increase was due mainly to the increase in other gains (net) of \$44.1 million, which was partially offset by (1) the decrease in gross profit of \$2.9 million, (2) the increase in administrative expenses of \$3.5 million, and (3) the increase in finance expenses of \$0.4 million, and (4) the decrease in share of profit of associated companies and joint ventures of \$0.1 million, as explained above.

Income tax expense

Income tax expense was mainly in relation to the operating profits registered by the profitable entities within the Group. The increase of income tax expense by 502.1% or \$2.6 million in 1H2023 is due mainly to higher taxable profit registered by the Group arising from the arbitral award received in relation to the 2017 worksite accident.

The effective tax rate for 1H2023 was 8.0%, which was lower than the statutory tax rate of 17%, due to the utilisation of tax credits. The effective rate for 1H2022 was 29.2%, which was higher than the statutory tax rate of 17.0%, due mainly to the relatively higher corporate tax rate of our Australian subsidiary corporation and certain non-deductible items added back for tax purposes.

Non-controlling interests

Non-controlling interests of \$0.2 million was due to the share of profit of our subsidiary corporation, Raffles Prestige Capital Pte Ltd, in 1H2023.

Net profit

Overall, for 1H2023, net profit increased by \$34.6 million or 2756.8%, from \$1.2 million for 1H2022 to \$35.8 million for 1H2023, following the increase in profit before income tax of \$37.2 million and the increase in income tax expense of \$2.6 million, as explained above.

Our net profit margin increased from 2.3% for 1H2022 to 51.2% for 1H2023.



Review of the financial position for the half year ended 30 June 2023

(i) Current assets

Current assets increased by \$32.0 million, from \$69.5 million as at 31 December 2022 to \$101.5 million as at 30 June 2023. The increase was due mainly to:

- (a) an increase in cash and cash equivalents of \$45.1 million. This was due mainly to the cash generated from operating activities of \$55.3 million, offset by cash used in investing activities of \$2.1 million and cash used in financing activities of \$8.1 million; and
- (b) an increase of \$0.3 million in inventories arising from the purchase of materials for existing and newly awarded construction projects,

which were partially offset by:

- (c) a decrease in trade and other receivables of \$12.9 million as a result of prompt collection of debts outstanding throughout the financial period and the reversal of deposit that was previously paid for the arbitration; and
- (d) a decrease in contract assets of \$0.5 million, due mainly to increase in billings for the on-going construction and maintenance projects,

during 1H2023.

(ii) Non-current assets

Non-current assets increased by \$1.5 million, from \$135.4 million as at 31 December 2022 to \$136.9 million as at 30 June 2023. The increase was due mainly to:

- (a) an increase in investments in associated companies by \$0.3 million arising from the share of profit and recognition of notional fair value of loan of an associated company;
- (b) an increase in other receivables by \$0.9 million due to an advance of \$1.0 million extended to an associated company, USB Holdings Pte Ltd, offset by the recognition of fair value adjustment of \$0.1 million on the said advance;
- (c) an increase in right-of-use assets by \$3.5 million resulting from the purchase of plant and equipment to support the new and existing projects through hire purchase and reclassification of certain plant and machinery from property, plant and equipment; and
- (d) an increase in deferred tax assets by \$0.2 million arising from the revaluation of investment property in Australia,

which were partially offset by:

- (e) a decrease in investment properties by \$0.4 million resulting from an exchange realignment relating to the property at 6-8 Bennett Street, East Perth, Western Australia due to the revaluation of Australian dollar to Singapore; and
- (f) a decrease in property, plant and equipment by \$3.0 million resulting mainly from the disposal and depreciation of property, plant and equipment coupled with reclassification of certain plant and machinery to right-of-use assets,

during 1H2023.



(iii) Current liabilities

Current liabilities increased by \$0.3 million, from \$44.2 million as at 31 December 2022 to \$44.5 million as at 30 June 2023. The increase was due mainly to:

- (a) an increase in trade and other payables of \$0.8 million arising from the increase of trade payables of \$0.4 million and advances amounting to \$0.4 million extended by non-controlling interest;
- (b) an increase in lease liabilities of \$0.2 million arising from the purchase of plant and machineries offset by repayment of lease liabilities; and
- (c) an increase in current income tax liabilities by \$3.0 million due to higher tax provision provided for profitable entities within the Group;

which were partially offset by a reduction in bank borrowings of \$3.7 million as a result of the repayment of existing borrowings, during 1H2023.

(iv) Non-current liabilities

Non-current liabilities decreased by \$2.5 million, from \$37.0 million as at 31 December 2022 to \$34.5 million as at 30 June 2023. The decrease was primarily due to:

- (a) a decrease in non-trade payables due to non-controlling interest by \$2.0 million resulting from the recognition of notional fair value amounting to \$2.0 million following the loan extension;
- (b) a decrease in bank borrowings of \$0.7 million following repayment of bank borrowings; and
- (c) a decrease in deferred income tax liabilities of \$0.1 million,

which were partially offset by an increase in lease liabilities of \$0.3 million arising from the purchase of plant and machineries for newly awarded projects, during 1H2023.

(v) Shareholders' equity

Shareholders' equity, comprising share capital, treasury shares, other reserves, retained profits and non-controlling interests, increased by \$35.7 million, from \$123.7 million as at 31 December 2022 to \$159.4 million as at 30 June 2023. The increase was due mainly to:

- (a) the increase in capital reserve of \$2.0 million; and
- (b) the profits generated from operations of \$35.6 million attributable to equity holders of the Company and non-controlling interests of \$0.2 million arising from the share of profit of Raffles Prestige Capital Pte Ltd,

which were partially offset by the dividend payment to shareholders of \$2.1 million, during 1H2023.



Review of cash flows for the half year ended 30 June 2023

Net cash generated from operating activities

Our Group reported net cash generated from operating activities of \$55.3 million in 1H2023, which was mainly due to cash generated from operating activities before working capital changes of \$41.7 million, net working capital inflow of \$13.6 million and interest received of \$0.4 million, which were partially offset by income tax paid of \$0.4 million.

Net cash used in investing activities

Our Group reported net cash used in investing activities of \$2.1 million in 1H2023, which mainly comprised purchase of property, plant and equipment and right-of-use assets of \$0.9 million and \$0.3 million respectively, and advances extended to an associated company of \$1.0 million, partially offset by proceeds received from the disposal of property, plant and equipment of \$0.1 million.

Net cash used in financing activities

Net cash used in financing activities of \$8.1 million in 1H2023 was mainly attributable to (i) repayment of lease liabilities of \$1.3 million, (ii) interest paid of \$0.8 million, (iii) repayment of borrowings of \$4.1 million, (iv) dividend paid of \$2.1 million, (v) pledge of bank deposits of \$0.2 million, and partially mitigated by the advance of \$0.4 million by a non-controlling shareholder.

Overall, free cash and cash equivalents stood at \$65.8 million as at 30 June 2023, an increase of \$32.5 million from \$33.3 million as at 30 June 2022. This works out to cash of 21.4 cents per share as at 30 June 2023 as compared to 10.9 cents per share as at 30 June 2022 (based on 306,961,494 issued shares (excluding treasury shares) as at 30 June 2023 and 30 June 2022).

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 2023 from what was previously discussed under paragraph 10 of the Company's results announcement for the financial year ended 31 December 2022.

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 2023, the Singapore economy grew by 0.7% on a year-on-year basis in the second quarter of 2023, expanding marginally from 0.4% growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy expanded by 0.3%. This is a turnaround from the 0.4% contraction in the first quarter of 2023, averting the risk of a technical recession which is defined as two consecutive quarter-on-quarter contractions.

On 14 April 2023, the Monetary Authority of Singapore ("MAS") announced that it will maintain the prevailing rate of appreciation of the Singapore dollar nominal effective exchange rate ("S\$NEER") policy band which will continue to reduce imported inflation and help curb domestic cost pressures. MAS also pointed that Singapore's economic growth is projected to be below trend this year, with the domestic slowdown possibly being deeper than anticipated due to intensifying risks to the global economy.



Industry Outlook

According to MTI, the construction sector grew by 6.6% year-on-year in the second quarter, extending the 6.9 % growth in the first quarter. Growth was supported by expansions in both public and private sector construction output. On a quarter-on-quarter seasonally-adjusted basis, the sector expanded by 2.6% in the second quarter, accelerating from the 0.3% growth in the preceding quarter.

According to earlier projections released by BCA on 12 January 2023, total construction demand in 2023 is expected to range between \$27 billion and \$32 billion, while total construction demand in the medium term from 2024 to 2027 is expected to reach between \$25 billion and \$32 billion per year. Construction demand from the private sector is projected to remain steady over the medium-term, reaching approximately \$11 billion to \$14 billion per annum from 2024 to 2027, in view of healthy investment commitments amid Singapore's strong economic fundamentals. Construction demand remains stable, driven by the public sector such as the government ramping up Build-to-Order housing supply, and enhancement of public transportation network like the Cross Island line (Phases 2 & 3) and Downtown Line Extension to Sungei Kadut and Brickland North South Line station.

On 23 May 2023, the Ministry of Manpower ("MOM") announced the cessation of the Heightened Safety Period ("HSP") (implemented on 1 September 2022 and ended on 31 May 2023), without further extension. However, the Multi-Agency Workplace Safety Taskforce will retain some HSP measures and implement new measures to strengthen Workplace Safety and Health ownership on a sustained basis. Such measures include the need for all construction sites with project values of \$5 million and above to install video surveillance system at worksite locations where there are high-risk work activities, starting from June 2024 onwards, in a bid to improve workers' safety.

In line with its commitment to regulatory compliance, the Group will diligently adhere to the regulations and leverage on its strong record and industry experience as well as exercise caution when taking actions.

With regards to the private residential property segment, statistics released by the Urban Redevelopment Authority ("URA") indicated that overall private residential property prices declined in 2Q2023 as price momentum eased across all market segments. Flash estimates showed that while private residential property prices had increased by 3.3% in 1Q2023, it had declined by 0.4% in 2Q2023.

Following the implementation of the latest round of property cooling measures on 26 April 2023 where there is an upward revision of 3 to 30 percentage point in Additional Buyer's Stamp Duty ("ABSD"), of which the steepest increase is targeted at foreigners where the ABSD doubled from 30% to 60%, there has been a decline of 0.4 percent in private home prices.

The Group expects the private residential market to remain challenging and will be selective in land replenishment efforts and continue to exercise prudent financial management.

Company Outlook and Order Book Update

Looking ahead, the Group expects a persistence of uncertainties arising from rising interest rates, inflation, higher energy and manpower costs, and ongoing geopolitical tensions. Although some elevated material prices pose as a challenge, improving market conditions are setting the stage for the construction sector to get back on track.

Despite the Group's positive outlook and the support by its healthy pipeline of construction projects, the Group will remain vigilant to navigate challenging market conditions and continue to ensure good cashflow management and remain prudent with its capital structure and finances. Also, the Group will continue to seize opportunities and enhance productivity by leveraging technology in its business processes.

As of 30 June 2023, the Group's order book stood at \$383.7 million, with projects extending till 2026.



On the property development front, the Group's joint venture residential project, The Essence, has achieved full sales and obtained TOP. In addition, all 74 units of the Group's residential project in Bukit Panjang, Phoenix Residences, have been fully sold. This project is expected to receive its TOP in July 2024.

For its property investment business, the Group's investment property located at 6-8 Bennett Street in Perth, Australia, maintains a positive stream of recurring rental income.

In its pursuit of optimising its recurring income, the Group owns a portfolio of investment properties. These include a freehold, three-storey shophouse situated at 35 Kreta Ayer Road as well as freehold, two-storey conservation shophouses located at 69 and 71 Kampong Bahru Road. These properties, held through its 51%-owned subsidiary, Raffles Prestige Capital Pte. Ltd., consistently make positive contributions towards the Group's performance.

The Group remains focused on its strategy to diversify its earnings base and build-up its base of recurring income. OKP will continue to explore strategic partnerships with experienced partners, especially for its property development and investment business, both locally and potentially in the region, to ensure that it will continue to deliver value to stakeholders.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividends	Special interim
Dividend Type	Cash
Dividend amount per share	\$0.005
	One-tier tax exempt

(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

Payment of the said dividends will be made on 27 September 2023.

(d) Books closure date

Notice is hereby given that the Share Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. on 7 September 2023 for the preparation of dividend payment. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue #14-03/07 Keppel Bay Tower, Singapore 098623 up to 5.00 p.m. on 7 September 2023 will be registered to determine shareholders' entitlement to the special interim dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 7 September 2023 will be entitled to the special interim dividend.



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

Not applicable.

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 2023.

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 2023 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.

BY ORDER OF THE BOARD

Or Toh Wat
Group Managing Director
4 August 2023