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### **For Immediate Release**

## **OKP HOLDINGS LIMITED REPORTS 21.7% GROWTH IN NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$1.2 MILLION IN 1H2022**

- *Recovery in construction and maintenance segments in 1H2022 driven by resumption of construction activities, with gross margins improving to 5.9% reflecting effective cost management initiatives*
- *Healthy order book of S\$279.4 million<sup>1</sup>, with revenue visibility extending to 2025*
- *Robust balance sheet, with free cash and cash equivalents of S\$33.3 million*
- *To explore global business opportunities to broaden its foothold in property development and investment through strategic partnerships with esteemed partners*

<b>S\$' Million</b>	<b>1H2022</b>	<b>1H2021</b>	<b>▲/▼ (%)</b>
<b>Revenue</b>	53.6	45.1	▲18.9
<b>Gross Profit</b>	5.0	4.5	▲11.4
<b>GP Margins</b>	9.3%	9.9%	▼0.6 ppt
<b>Net Profit</b>	1.3	1.4	▼12.8
<b>Net profit attributable to equity holders</b>	1.2	1.0	▲21.7

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<sup>1</sup> As at 30 June 2022.

**Singapore, 8 August 2022 – MAINBOARD-LISTED** infrastructure and civil engineering company, OKP Holdings Limited (胡金标控股有限公司) (“OKP” or the “Group”), today reported a 18.9% increase in revenue to S\$53.6 million for the half year ended 30 June 2022 (“1H2022”) as compared to S\$45.1 million in the previous year (“1H2021”), mainly due to higher contributions from the construction and maintenance segments of S\$8.7 million, partially offset by a decrease in rental income. Net profit attributable to equity holders of S\$1.2 million was reported for 1H2022, 21.7% higher than the S\$1.0 million recorded in 1H2021.

**Group Managing Director, Mr Or Toh Wat** (胡土发), said, “We are pleased with our performance for 1H2022, buoyed by recovery in the local construction sector. Notwithstanding challenges brought about by the ongoing Russia-Ukraine war which has led to higher commodities and energy costs, we were able to effectively manage our expenses and recorded higher margins for our construction and maintenance segments. We remain cognizant of market volatilities and uncertainties and will continue to respond nimbly to constantly stay ahead of any changes.

Despite disruptions from the COVID-19 pandemic, OKP remains in good financial shape, backed by a strong order book that would give us revenue visibility up to 2025. This reflects the resilience in our business model, and we remain confident of navigating any challenges that may lie ahead of us. We will also continue to diversify and build a recurring income stream from our property investment business, and we seek to capitalise on good asset investment opportunities as and when they arise.”

### Review of Performance

	1H2022	1H2021	▲/▼
Revenue	S\$' Million	S\$' Million	S\$' Million
Construction	37.3	30.0	▲7.3
Maintenance	13.0	11.7	▲1.3
Rental Income	3.3	3.4	▼0.1
<b>Total Revenue</b>	<b>53.6</b>	<b>45.1</b>	<b>▲8.5</b>

The overall 18.9% increase in the Group's revenue in 1H2022 was largely due to increases of 24.6% and 11.2% in revenue from the construction segment and maintenance segment respectively, partially offset by a 4.2% decrease in rental income.

Revenue from both the construction and maintenance segments increased to S\$37.3 million and S\$13.0 million respectively, mainly due to the higher percentage of revenue recognised from a number of existing construction projects during 1H2022 as the construction sector rebounded post COVID-19. In comparison, there was a temporary cessation of construction activities in compliance with the government's COVID-19 measures in 1H2021. The construction and maintenance segments are the major contributors to the Group's revenue, representing 69.6% and 24.3% of the Group's 1H2022 revenue, respectively.

The Group's rental income from investment properties decreased by 4.2% to S\$3.3 million in 1H2022, 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 pursuant to the revaluation of Australian dollar to Singapore dollar. Overall, the Group's rental income contributed 6.1% to the Group's total revenue in 1H2022.

Accordingly, the Group's gross profit increased by 11.4% to S\$5.0 million in 1H2022. Overall gross profit margin declined by 0.6 percentage points to 9.3% as gross profit margin for the rental income segment fell by 5.0 percentage points to 62.2%. This was mitigated by an improvement in gross profit margin for the construction and maintenance segments, which increased from 5.3% for 1H2021 to 5.9% for 1H2022, mainly attributed to the Group's ongoing initiatives to improve cost management, despite the higher material costs and rising manpower costs.

Other gains had decreased by S\$1.3 million to S\$1.0 million in 1H2022, from S\$2.3 million in 1H2021. The decrease was mainly due to lower receipt of payouts and rebates from the government, and an increase in loss on foreign exchange arising from the revaluation of assets and liabilities denominated in Australian dollar to Singapore dollar.

Net profit attributable to equity holders stood at S\$1.2 million for 1H2022 as compared to S\$1.0 million for 1H2021.

### **Balance Sheet Highlights**

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$122.4 million while NTA per share was 39.88 Singapore cents as at 30 June 2022.

OKP's free cash and cash equivalents stood at S\$33.3 million as at 30 June 2022, compared to S\$56.3 million a year ago.

Earnings per share (basic) for 1H2022 stood at 0.39 Singapore cents, as compared to 0.32 Singapore cents in 1H2021.

Based on OKP's closing share price of S\$0.174 as at 8 August 2022, the Group's market capitalisation is S\$53.7 million.

### **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.

## **Construction**

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 activities 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 pre-pandemic levels 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.

Going forward, challenges remain in the construction sector, with the high cost of recruiting migrant workers, increased cost of materials, machinery and transport, and increase in other construction related costs. To better manage the issue of labour, OKP will 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.

### **Property Development and Investment**

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 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.

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.

## **About OKP Holdings Limited ([www.okph.com](http://www.okph.com))**

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 26 July 2002, OKP Holdings Limited (胡金标控股有限公司) (“OKP” or the “Group”) is a leading home-grown infrastructure and civil engineering company, specialising in the construction of airport runways and taxiways, expressways, flyovers, vehicular bridges, urban and arterial roads, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. OKP has also ventured into property development and investment in recent years.

OKP was established in 1966 by Founder and Chairman, Mr Or Kim Peow, and today operates under three core business segments, Construction, Maintenance and Rental income from investment properties. The Group tenders for both public and private civil engineering, as well as infrastructure construction projects. The Group has expanded its core business to include property development and investment.

The Group’s clientele includes public sector agencies such as Changi Airport Group, Housing & Development Board, JTC, Land Transport Authority, National Parks Board, PUB, Singapore’s National Water Agency and Urban Redevelopment Authority. OKP’s private sector clients include companies such as ExxonMobil and Foster Wheeler Asia Pacific Pte Ltd and WorleyParsons Pte Ltd.

The Group had worked on several large oil and gas projects including one relating to the S\$750 million Universal Terminal – a massive petroleum storage facility on Jurong Island – and civil works relating to ExxonMobil’s multi-billion-dollar Second Petrochemical Complex project. The Group was also involved in land reclamation works on Jurong Island, a milestone project.



To diversify its earnings, OKP has ventured into the property sector since 2012. It had minority stakes in Amber Skye, a freehold residential development, and LakeLife, an executive condominium in Jurong. In March 2019, the Group successfully launched The Essence, an 84-unit condominium along Chong Kuo Road. The 74-unit residential project, Phoenix Residences in Bukit Panjang, located near the Phoenix LRT station and in close proximity to the Bukit Timah Nature Reserve and Bukit Batok Golf Range, was launched for sale in 2020. For investment purposes, OKP holds 51% interest in a freehold office complex, 6-8 Bennett Street, in Perth, Australia, which provides a recurrent income stream for the Group. In line with the expansion of its portfolio of investment properties, OKP acquired 35 Kreta Ayer Road in January 2021. The property has a freehold tenure and comprises a three-storey with attic shophouse. OKP also completed the acquisition of 69 and 71 Kampong Bahru Road in August 2021. The property has a freehold tenure and comprises adjoining two-storey conservation shophouses.

Both its wholly-owned subsidiary corporations, Or Kim Peow Contractors (Pte) Ltd (胡金标建筑（私人）有限公司) and Eng Lam Contractors Co (Pte) Ltd (永南建筑（私人）有限公司), are A1 grade civil engineering contractors, under the BCA Contractors' Registry System which allows them to tender for public sector construction projects of unlimited value.

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Issued on behalf of OKP Holdings Limited by: Citigate Dewe Rogerson Singapore  
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