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**For Immediate Release**

**OKP HOLDINGS LIMITED REPORTS 30.7% GROWTH IN REVENUE TO S\$117.6 MILLION IN FY2022**

- ***Strong momentum continues for construction and maintenance segments in 2H2022***
  - o ***Secured two sizeable projects from LTA totalling approximately S\$196.2 million***
- ***Property developments, The Essence and Phoenix Residences, fully sold***
- ***Recurring rental income stream boosted by more recent acquisitions of freehold properties at 35 Kreta Ayer, and 69 and 71 Kampong Bahru***
- ***Healthy order book of S\$454.1 million<sup>1</sup>, with visibility extending to 2026***
- ***Proposes one-tier tax exempt final dividend of S\$0.007 per share***

<b>GROUP'S FINANCIAL HIGHLIGHTS</b>						
<b>S\$' Million</b>	<b>2H2022</b>	<b>2H2021</b>	<b>▲/▼ (%)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>▲/▼ (%)</b>
<b>Revenue</b>	64.1	45.0	▲42.4	117.6	90.0	▲30.7
<b>Gross Profit</b>	5.8	2.3	▲151.6	10.8	6.8	▲59.2
<b>GP Margins</b>	9.1%	5.2%	▲3.9ppt	9.2%	7.5%	▲1.7ppt
<b>Net Profit</b>	(1.1)	2.8	▼139.0	0.2	4.2	▼96.1
<b>Net profit attributable to equity holders</b>	(2.2)	0.5	▼509.5	(1.0)	1.5	▼167.3
For the year ended 31 December 2022: <b>Earnings per share – Basic: (0.33) Singapore cent (2021: 0.49 Singapore cent)</b>						
As at 31 December 2022: <b>Net Tangible Assets: S\$122.0 million, NTA Per Share: 39.75 Singapore cents</b>						

<sup>1</sup> As at date of this announcement

**Singapore, 20 February 2023 – 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 30.7% increase in revenue to S\$117.6 million for the full year ended 31 December 2022 (“FY2022”) as compared to S\$90.0 million in the previous year (“FY2021”), mainly due to higher contributions from the construction and maintenance segments, partially offset by the decline in rental income. The Group reported a net loss attributable to equity holders of S\$1.0 million for FY2022, as compared to a net profit attributable to equity holders of S\$1.5 million a year ago, due to higher administrative and finance expenses.

**Group Managing Director, Mr Or Toh Wat** (胡土发), said, “We are pleased with the continued gradual improvement in our topline performance, in line with the reopening of the economy. With renewed optimism and the public sector leading the construction demand, we will look for opportunities to expand, tapping on our infrastructure and civil engineering expertise. We will press on with ongoing initiatives to tighten cost management to better manage the higher material costs and rising manpower costs.

“We are heartened to have secured two sizeable projects from LTA totalling approximately S\$196.2 million, for commuter infrastructure enhancement works at new MRT stations island-wide, and separately for the maintenance of roads, road-related and commuter-related facilities along South East sector. This has lifted our total order book to S\$454.1 million<sup>1</sup>. To better manage cost inflation, we will further enhance our core competencies and increase productivity through innovation and use of technology for greater cost efficiencies and competitiveness.

“For diversity, we will also stay focused to prudently grow our property investment business, to boost a steady flow of recurring income.”

## Review of Performance

	2H2022	2H2021	▲/▼	FY2022	FY2021	▲/▼
Revenue	S\$' Million	S\$' Million	S\$' Million	S\$' Million	S\$' Million	S\$' Million
<b>Construction</b>	44.6	26.6	▲67.7	81.9	56.5	▲44.8
<b>Maintenance</b>	16.5	14.7	▲11.9	29.4	26.4	▲11.6
<b>Rental Income</b>	3.0	3.7	▼17.9	6.3	7.1	▼11.3
<b>Total Revenue</b>	64.1	45.0	▲42.4	117.6	90.0	▲30.7

The Group reported a 30.7% increase in revenue for FY2022, underpinned by an increase in revenue of 44.8% and 11.6% from the construction and maintenance segments respectively, partially offset by a 11.3% decline in rental income.

The increase in the construction and maintenance segments' revenue to S\$81.9 million and S\$29.4 million respectively, were mainly due to the temporary cessation of construction activities in compliance with the government's COVID-19 measures in FY2021, coupled with the higher percentage of revenue recognised from several existing and newly awarded construction and maintenance projects during FY2022.

The construction and maintenance segments remain to be the major contributors to the Group's revenue, representing 69.7% and 25.0% of the Group's FY2022 revenue respectively.

The Group's rental income from investment properties declined by 11.3% to S\$6.3 million in FY2022 due to loss from foreign exchange translation of the rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia in Australian dollar to Singapore dollar. Overall, the Group's rental income contributed 5.3% to the Group's total revenue in FY2022.

Accordingly, the Group's gross profit increased by 59.2% to S\$10.8 million in FY2022 from S\$6.8 million in FY2021 whilst gross profit margin improved by 1.7 percentage points to 9.2%. The higher gross profit margin for FY2022 was mainly due to the Group's ongoing initiatives to improve cost management, despite the higher material costs and rising manpower costs.

Other gains had decreased by 61.6% to S\$3.0 million in FY2022, from S\$7.7 million in FY2021. This was underpinned by a decrease in receipt of payouts and rebates from the government by S\$2.1 million as part of the COVID-19 support measures, a decrease in fair value gain of \$2.1 million arising from the revaluation of some investment properties, and an increase of S\$0.5 million in provision for loss allowance on other receivables during the year.

Administrative expenses for FY2022 increased by S\$3.1 million to S\$12.4 million, due to a one-off increase in legal fees incurred for arbitration proceedings amounting to S\$3.6 million, partially offset by a decrease of S\$0.5 million in salary costs in FY2022. In line with higher interest rates, finance expenses for FY2022 increased to S\$1.6 million from S\$1.1 million for FY2021.

Consequently, the Group recorded net loss attributable to equity holders of S\$1.0 million for FY2022 as compared to net profit attributable to equity holders of S\$1.5 million for FY2021.

For the second half ended 31 December 2022 ("2H2022"), revenue rose 42.4% to S\$64.1 million as compared to S\$45.0 million in the corresponding period a year ago ("2H2021"). Net loss attributable to equity holders was S\$2.2 million for 2H2022 as compared to net profit attributable to equity holders of S\$0.5 million for 2H2021.

## **Balance Sheet Highlights**

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$122.0 million while NTA per share was 39.75 Singapore cents as at 31 December 2022.

OKP's free cash and cash equivalents stood at S\$20.8 million as at 31 December 2022, compared to S\$45.8 million a year ago.

Loss per share (basic) for FY2022 stood at 0.33 Singapore cent, as compared to earnings per share (basic) of 0.49 Singapore cent in FY2021.

Based on OKP's closing share price of S\$0.165 as at 20 February 2023, the Group's market capitalisation is S\$50.7 million.

## **Proposed Dividend**

Despite a decline in profit for the year, the Board has proposed a final one-tier tax exempt cash dividend of S\$0.007 per share, in view of the stable operating outlook and to reward shareholders for their continuous support.

## **Outlook**

Based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 3 January 2023, the Singapore economy grew 2.2% on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.2% growth in the previous quarter. The economy grew by 3.8% in 2022, slower than the 7.6% growth in 2021.

## **Construction**

According to MTI, the construction sector grew by 10.4% on a year-on-year basis in the fourth quarter of 2022, accelerating from the 7.8% growth in the previous quarter, as construction output from both public and private sectors continued to recover. While the value-add of the sector in absolute terms remained 19.3% below its pre-pandemic (i.e., 4Q2019) level, the Building and Construction Authority (“BCA”) expects Singapore’s construction demand to remain strong in 2023.

According to a projection by BCA released on 12 January 2023, total construction demand in 2023 is expected to range between S\$27 billion and S\$32 billion, while total construction demand in the medium term from 2024 to 2027 is expected to reach between S\$25 billion and S\$32 billion per year.

The public sector will continue to lead demand and is expected to contribute S\$14 billion to S\$18 billion per annum from 2024 to 2027, with building projects making up 60% of demand and the rest comprising civil engineering works. Besides public housing developments, public sector construction demand over the medium term will be supported by various major projects such as MRT projects including the Cross Island Line (Phases 2 & 3), Downtown Line Extension to Sungei Kadut and Brickland North South Line station, Toa Payoh Integrated Development and Woodlands Checkpoint redevelopment.

Meanwhile, private sector construction demand is projected to remain steady over the medium-term, reaching approximately S\$11 billion to S\$14 billion per annum from 2024 to 2027, in view of healthy investment commitments amid Singapore’s strong economic fundamentals.

In view of an increasingly challenging operating environment, driven by rising costs for manpower, electricity, and financing, the Group will continue to look at various opportunities and initiatives to drive sustainable growth. Construction material costs in Singapore have also begun to moderate from the spikes recorded in the first half of 2022.

Backed by a strong track record and industry expertise, the Group will continue to leverage on its capabilities to secure contracts from both the public and private construction sectors.

The Group continues to be supported by a healthy pipeline of construction projects, and in 2022, secured two contracts worth a total of approximately S\$196.2 million from the Land Transport Authority (“LTA”), for commuter infrastructure enhancement works at new MRT stations at various locations island-wide, and separately for the maintenance of roads, road-related and commuter-related facilities along South East sector.

As of today, the Group’s order book stood at \$454.1 million, with projects extending till 2026.

OKP will remain vigilant to navigate challenging market conditions and continue to ensure good cashflow management and remain prudent with its capital structure and finances. The Group will continue to raise its productivity through the application of technology in its business processes to reduce reliance on manpower and upskill its workforce.

### **Property Development and Investment**

For the private residential property segment, statistics released by the Urban Redevelopment Authority (“URA”) indicated that prices of private residential properties increased by 8.4% in 2022, compared with the 10.6% increase in 2021.

For the whole of 2022, developers launched 4,528 uncompleted private residential units for sale (excluding ECs), compared with 10,496 units in the previous year. Developers sold 7,099 private residential units in 2022, compared with 13,027 units sold in the previous year.

The latest round of property cooling measures was introduced in September 2022, including tighter loan-to-value limit and a longer wait-out period of 15 months for current and former owners of private residential property to buy a non-subsidised HDB resale flat. This has led to a drop in transaction volume and a moderation of price growth in both the private and housing board resale markets in the fourth quarter. On the back of higher construction costs, the Group expects the private residential market to remain challenging and will remain 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, has been fully sold.

The Group's 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 of today, all 74 units have been fully sold.

For its property investment business, the Group's investment property at 6-8 Bennett Street in Perth, Australia continues to generate good recurring rental income. As part of its efforts to grow its recurring income, the Group owns a portfolio of investment properties, including a freehold, three-storey shophouse at 35 Kreta Ayer Road as well as freehold, two-storey conservation shophouses at 69 and 71 Kampong Bahru Road, through its 51%-owned subsidiary, Raffles Prestige Capital Pte. Ltd. These properties continue to contribute positively towards the Group's performance.

The Group remains focused on its strategy to diversify earnings contribution and will continue to build its base of recurring income. OKP will continue to explore strategic partnerships with potential partners, especially for its property development and investment business, to continue to deliver value to stakeholders.



## **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.

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’s core business includes 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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