

30 Tagore Lane
 Singapore 787484
 Tel: (65) 6456 7667
 Fax: (65) 6459 4316

For Immediate Release

OKP HOLDINGS LIMITED REPORTS GROWTH IN NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$35.6 MILLION IN 1H2023

- ***Positive contributions from construction and maintenance segments, driven by revenue recognition from both existing and newly awarded projects***
- ***Strong order book of S\$383.7 million, with revenue visibility extending to 2026***
- ***Healthy balance sheet, with free cash and cash equivalents of S\$65.8 million***
- ***To explore strategic alliance with experienced partners to broaden its foothold in property development and investment business***
- ***A special interim dividend of 0.5 Singapore cent per share declared***

S\$' Million	1H2023	1H2022	▲/▼ (%)
Revenue	70.0	53.6	▲30.6
Gross Profit	2.1	5.0	▼58.6
GP Margins	2.9%	9.3%	▼6.4 ppt
Net Profit	35.8	1.3	▲2756.8
Net profit attributable to equity holders	35.6	1.2	▲2899.7

Singapore, 4 August 2023 – MAINBOARD-LISTED infrastructure and civil engineering company, OKP Holdings Limited (胡金標控股有限公司) (“OKP” or the “Group”), today reported a 30.6% increase in revenue to S\$70.0 million for the half year ended 30 June 2023 (“1H2023”) as compared to S\$53.6 million in the previous year (“1H2022”), mainly due to higher contribution from the construction and maintenance segments of S\$16.5 million, partially offset by a decrease of \$0.1 million

in rental income. Net profit attributable to equity holders of S\$35.6 million was reported for 1H2023, 2899.7% higher as compared to S\$1.2 million a year ago, due mainly to higher revenue growth and other gains.

The Board of Directors has declared a special interim tax exempt (one-tier) dividend of 0.5 Singapore cent per share to reward shareholders for their continued support.

Group Managing Director, Mr Or Toh Wat (胡士发), said, “We are pleased with our performance for 1H2023 which was bolstered by the recovery in the local construction sector. With a positive outlook of steady construction demand from both the private and public sectors, along with a healthy pipeline of construction projects, we remain vigilant in leveraging on our core expertise to tender for projects, while maintaining prudence in our capital structure and finances.

“Amidst the prevailing macroeconomic uncertainties and elevated material prices, we remain even more focused on our strategy to diversify our earnings base and build up our base of recurring income. Furthermore, OKP will continue to explore strategic partnerships with experienced partners, especially for our property development and investment business, both locally and potentially in the region, to ensure the continued delivery of value to stakeholders.”

Review of Performance

	1H2023	1H2022	▲/▼
Revenue	S\$' Million	S\$' Million	S\$' Million
Construction	40.5	37.3	▲3.2
Maintenance	26.3	13.0	▲13.3
Rental Income	3.2	3.3	▼0.1
Total Revenue	70.0	53.6	▲16.4

The overall 30.6% increase in the Group’s revenue in 1H2023 was primarily driven by the rise of 8.7% and 101.8% in revenue from the construction segment and maintenance segment respectively, partially offset by a 2.4% decrease in rental income.

Revenue from both the construction and maintenance segments increased to S\$40.5 million and S\$26.3 million respectively, 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. Both the construction and maintenance segments remained the major contributors to the Group's revenue.

The 2.4% decline in the Group's rental income from investment properties to S\$3.2 million was primarily attributable 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, following the revaluation of the Australian dollar to the Singapore dollar. Nevertheless, the Group's rental income contributed 4.5% to the Group's total revenue in 1H2023.

The Group's gross profit decreased by 58.6% to S\$2.1 million in 1H2023. Overall gross profit margin declined by 6.4 percentage points as gross profit margin for the construction and maintenance segments fell by 5.8 percentage points from 5.9% to 0.1% due to higher material costs and rising manpower costs. This was mitigated by an improvement in gross profit margin in the rental income segment, which increased from 62.2% for 1H2022 to 62.9% for 1H2023.

Other gains increased by S\$44.1 million to S\$45.1 million in 1H2023, from S\$1.0 million in 1H2022. The increase was mainly due to the increase in interest income, the arbitral award in relation to the Contract 449A worksite incident, and a decrease in the loss on foreign exchange from the revaluation of assets and liabilities denominated in Australian dollar to Singapore dollar, which were partially offset by a decline in government grant.

Overall, net profit attributable to equity holders increased to S\$35.6 million for 1H2023 as compared to S\$1.2 million for 1H2022.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$157.7 million while NTA per share was 51.37 Singapore cents as at 30 June 2023.

OKP's free cash and cash equivalents increased to S\$65.8 million as at 30 June 2023, compared to S\$33.3 million a year ago.

Earnings per share (basic) for 1H2023 increased 2871.8% to 11.59 Singapore cents, as compared to 0.39 Singapore cents in 1H2022.

Based on OKP's closing share price of S\$0.25 as at 4 August 2023, the Group's market capitalisation is S\$76.7 million.

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.

Construction

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.

Based on 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 is expected to reach between \$25 billion and \$32 billion per year from 2024 to 2027. 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.

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.

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.

Property Development and Investment

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 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 points 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.

On the property development front, the Group's joint venture residential project, The Essence, has achieved full sales. 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.

About OKP Holdings Limited (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.

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

Media and Analysts' Contacts:

Citigate Dewe Rogerson Singapore

Dolores Phua / Louise Lim

During Office Hours: 6534-5122

Email: OKP@citigatedewerogerson.com
