

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

For Immediate Release

OKP HOLDINGS LIMITED REPORTS 909.7% GROWTH IN GROSS PROFIT AND A HISTORICAL HIGH ORDER BOOK OF S\$706.9 MILLION

- ***Exponential increase in gross profit driven by core construction and maintenance segments***
- ***Strong growth in gross profit margin to 28.2%, supported by higher margin projects***
- ***Record high order book of S\$706.9 million, with revenue visibility extending till 2027***
- ***Strong balance sheet with free cash and cash equivalents of S\$94.2 million***
- ***To explore strategic partnerships with partners to strengthen foothold in property development and investment ventures***

S\$' Million	1H2024	1H2023	▲/▼ (%)
Revenue	73.9	70.0	▲5.6
Gross Profit	20.8	2.1	▲909.7
GP Margins	28.2%	2.9%	▲25.3 ppt
Net Profit	12.1	35.8	▼66.1
Net profit attributable to equity holders	11.9	35.6	▼66.6

Singapore, 8 August 2024 – 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 5.6% increase in revenue to S\$73.9 million for the half year ended 30 June 2024 (“1H2024”) as compared to S\$70.0 million in the previous corresponding period (“1H2023”), primarily attributable to higher contribution from the construction segment of S\$5.6 million, partially offset by a decrease of S\$1.6 million and S\$0.1 million from the maintenance segment and rental income, respectively. Net profit attributable to equity holders of S\$11.9 million was recorded for 1H2024, 66.6% lower as compared to S\$35.6 million recorded in 1H2023.

Group Managing Director, Mr Or Toh Wat (胡土发), said, “We have harnessed our strong growth momentum, driven by ongoing and newly-awarded construction and maintenance projects, achieving a record high order book of S\$706.9 million. Our decades-long track record compounded by our core expertise offer unparalleled value to our stakeholders. This remarkable milestone not only reflects our strategic success but also reinforces our competency in the competitive market.

“Against the backdrop of global uncertainties, we will advance our journey by navigating the challenges with prudence and adopt best practices to maintain our competitive edge. Furthermore, we will explore strategic partnerships to strengthen our foothold in property developments and investment ventures, while embracing technology and innovations to progress towards a sustainable future.”

Review of Performance

	1H2024	1H2023	▲/▼
Revenue	S\$' Million	S\$' Million	S\$' Million
Construction	46.1	40.5	▲5.6
Maintenance	24.7	26.3	▼1.6
Rental Income	3.1	3.2	▼0.1
Total Revenue	73.9	70.0	▲3.9

The overall 5.6% increase in the Group's revenue in 1H2024 was primarily attributable to the 13.6% increase in revenue from the construction segment, partially offset by a 6.0% decrease from the maintenance segment alongside the 2.1% decrease in rental income.

Revenue from the construction segment registered growth to S\$46.1 million, mainly driven by a higher percentage of revenue recognised from various ongoing and newly awarded construction projects as they progressed to a more active phase in 1H2024. Conversely, revenue from the maintenance segment declined to S\$24.7 million, mainly due to the completion of certain projects and the reduction in maintenance revenue. The construction and maintenance segments continue to be the major contributors to the Group's revenue, representing 62.4% and 33.4% of the Group's 1H2024 revenue, respectively.

The Group's rental income generated from investment properties experienced a marginal decline to S\$3.1 million, mainly attributed to the strengthening of the Singapore dollar against the Australian dollar as the rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia was denominated in Australian dollar. Overall, the Group's rental income accounted for 4.2% of the Group's total revenue in 1H2024.

The Group's gross profit surged by 909.7% to S\$20.8 million in 1H2024 from S\$2.1 million for 1H2023, in tandem with an appreciation in gross profit margin by 25.3 percentage points to 28.2%. The significant increase of 26.6 percentage points in gross profit margin, from 0.1% in 1H2023 to 26.7% for 1H2024, for the construction segment, was primarily attributable to the higher contribution from a handful of projects which commanded higher gross profit margins in 1H2024. Meanwhile, gross profit margin generated from rental income remained relatively stable for both 1H2023 and 1H2024.

Other gains decreased by S\$43.5 million to S\$1.6 million in 1H2024, from S\$45.1 million in 1H2023. The decrease was mainly due to the one-off arbitral award in relation to the Contract 449A worksite incident which was awarded in 1H2023, accompanied by a decrease in government grants and a decline in gain on disposal of fixed assets, which were partially offset by an increase in gain on foreign exchange from the revaluation of assets and liabilities denominated in Australian dollar to Singapore dollar and interest income.

Net profit attributable to equity holders stood at S\$11.9 million for 1H2024 as compared to S\$35.6 million for 1H2023.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$175.3 million while NTA per share was 57.12 Singapore cents as at 30 June 2024.

OKP's free cash and cash equivalents increased to S\$94.2 million as at 30 June 2024, compared to S\$65.8 million a year ago.

Earnings per share (basic) for 1H2024 decreased by 66.6% to 3.88 Singapore cents, as compared to 11.61 Singapore cents in 1H2023.

Based on OKP's closing share price of S\$0.315 as at 7 August 2024, the Group's market capitalisation is S\$96.7 million.

Outlook

Based on advance estimates released by the Ministry of Trade and Industry (“MTI”) on 12 July 2024, the Singapore economy grew by 2.9% on a year-on-year basis in the second quarter of 2024, extending the 3.0% growth in the previous quarter. On a quarter-on-quarter (“q-o-q”) seasonally adjusted basis, the economy expanded by 0.4% in the second quarter, slightly faster than the 0.3% reported in the preceding quarter of 2024. The year-on-year growth was higher than the 2.7% forecast by economists polled by Bloomberg, while q-o-q growth was in line with their projection.

Construction

According to MTI, the construction sector extended growth by 4.3% year-on-year in the second quarter, from 4.1% growth in the preceding quarter. The growth was supported by an increase in public sector construction output. On a q-o-q seasonally adjusted basis, the construction sector expanded by 2.4%, a reversal from the 1.9% contraction in the previous quarter.

For the year of 2024, the Building and Construction Authority (“BCA”) expects total construction demand to be between S\$32 billion and S\$38 billion. Public sector demand is expected to contribute about 55% of total construction demand, amounting to between S\$18 billion and S\$21 billion, while private sector demand is expected to account for the remaining 45%, or between S\$14 billion and S\$17 billion.

To maintain a competitive edge in an ever-evolving regulatory landscape, the Group will diligently monitor updates relating to its core construction business and adapt to these changes to ensure effective compliance as well as leveraging on best practices to enhance its operations.

Looking ahead, the Group expects continued global uncertainties and rising construction costs. Nevertheless, the Group will embrace technology and innovation to enhance operational efficiencies to mitigate the impact of rising construction costs.

Whilst supported by a healthy pipeline of construction projects, the Group will remain vigilant in navigating challenging market conditions, ensuring effective cashflow management and maintaining prudence in its capital structure and finances.

As of 30 June 2024, the Group's order book stood at a record high of S\$706.9 million, with projects extending till 2027.

Property Development and Investment

Statistics released by the Urban Redevelopment Authority ("URA") showed that the private residential property price index increased q-o-q by 1.1% in 2Q2024, a moderation from the 1.4% increase in the previous quarter. The quarterly average price increase of 1.3% in 1H2024 was lower than the quarterly average price increase of 1.7% in 2023 and 2.1% in 2022.

The Government will make available a selection of sites on the Reserve List that can yield an additional 3,090 units for developers to initiate for development if they assess that there is demand. The Government will also continue to release a steady supply of private residential units over the next few years, with supply calibrated to account for prevailing economic and property market conditions.

The Group expects the private residential market to continue stabilising as price momentum further moderates. However, the Group remains cautiously optimistic amidst economic and labour concerns, as well as changes to global supply chains, which add to the complexity of the operating environment.

On the property development front, the Group's joint venture residential project, The Essence, has been completed. In addition, all 74 units of the Group's residential project in Bukit Panjang, Phoenix Residences, have been fully sold and is expected to attain its TOP in 2H2024.

As for property investment, the Group's investment property situated at 6-8 Bennett Street in Perth, Australia, continues to generate a positive stream of recurring rental income.

To enhance 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., continue to generate a steady stream of recurring rental income, contributing positively towards the Group's performance.

Backed by a strong track record and decades of industry expertise, the Group remains committed to its long-term strategy of diversifying earnings and building on its portfolio of recurring income stream. The Group will continue to explore strategic partnerships to strengthen its foothold in property development and investment ventures and will embrace technology and innovations to achieve a more sustainable future.

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 has 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 ventured into the property sector in 2012. It had a minority stake in 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
