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For Immediate Release

OKP HOLDINGS LIMITED REPORTS GROWTH IN NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS TO S\$44.6 MILLION FOR FY2023

- ***Substantial 36.3% year-on-year surge in revenue driven by strong performance from both construction and maintenance segments***
- ***Strong order book of S\$518.6 million¹, a 44.8% jump from S\$358.2 million², with revenue visibility extending to 2027***
- ***Healthy balance sheet, with an increase in free cash and cash equivalents to S\$81.7 million***
- ***To explore strategic alliance with experienced partners to broaden its foothold in property development and investment***
- ***Recommends total dividends of 1.5 Singapore cent per share, consisting of final dividend of 0.7 Singapore cent per share and special dividend of 0.8 Singapore cent per share***

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' Million	2H2023	2H2022	▲/▼ (%)	FY2023	FY2022	▲/▼ (%)
Revenue	90.4	64.1	▲41.1	160.4	117.6	▲36.3
Gross Profit	22.7	5.8	▲288.6	24.7	10.8	▲128.5
GP Margins	25.1%	9.1%	▲16.0 ppt	15.4%	9.2%	▲6.2 ppt
Net Profit/(Loss)	11.6	(1.1)	▲1,166.5	47.4	0.2	▲28,832.3
Net profit/(loss) attributable to equity holders	9.0	(2.2)	▲507.0	44.6	(1.0)	▲4,478.7
For the year ended 31 December 2023: Earnings per share – Basic: 14.51 Singapore cent (2022: (0.33) Singapore cent)						
As at 31 December 2023: Net Tangible Assets: S\$167.8 million, NTA Per Share: 54.66 Singapore cents						

¹ As at 31 December 2023.

² As at 31 December 2022.

Singapore, 26 February 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 36.3% increase in revenue to S\$160.4 million for the year ended 31 December 2023 (“FY2023”) as compared to S\$117.6 million in the previous year (“FY2022”), mainly boosted by higher contributions from all three business divisions – an increase in the construction and maintenance segments of S\$42.7 million, with a marginal increase of S\$0.1 million in rental income. Net profit attributable to equity holders of S\$44.6 million was reported for FY2023, a turnaround from a loss of S\$1.0 million in FY2022, due mainly to higher revenue growth and other gains.

The Board of Directors has recommended a final dividend of 0.7 Singapore cent per share and a special dividend of 0.8 Singapore cent per share to reward shareholders for their continued support.

Group Managing Director, Mr Or Toh Wat (胡土发), said, “Our performance was uplifted by various ongoing and newly awarded construction and maintenance projects as they progressed to a more active phase in FY2023. During FY2023, we are pleased to have secured five public sector contracts amounting to approximately S\$322.5 million. We will continue to focus on our core expertise and specialism to tender for more projects, leveraging on robust construction demand from both the public and private sectors.

“We will also continue to prudently navigate a volatile macroeconomic environment, coupled with ongoing challenges presented by higher labour and material costs, by keeping a close watch on cost management. We continue to remain focused on our strategy to diversify our earnings and geographical base and build our base of recurring income for greater resilience. Forming strategic partnerships is also a priority, particularly for our property development and investment business, to achieve more balanced and sustainable growth.”

Review of Performance

	2H2023	2H2022	▲/▼	FY2023	FY2022	▲/▼
Revenue	S\$ Million	S\$ Million	S\$ Million	S\$ Million	S\$ Million	S\$ Million
Construction	61.9	44.6	▲17.3	102.4	81.9	▲20.5
Maintenance	25.3	16.4	▲8.9	51.6	29.4	▲22.2
Rental Income	3.2	3.0	▲0.2	6.4	6.3	▲0.1
Total Revenue	90.4	64.0	▲26.4	160.4	117.6	▲42.8

The Group reported a 36.3% increase in revenue for FY2023, primarily attributable to the increase in revenue of 25.0% and 75.2% from the construction and maintenance segments respectively.

The increase in the construction and maintenance segments' revenue to S\$102.4 million and S\$51.6 million respectively, were mainly attributed to a higher percentage of revenue recognised from various ongoing and newly awarded construction and maintenance projects as they progressed to a more active phase in FY2023. The construction and maintenance segments remain as the major contributors to the Group's revenue, accounting for 63.8% and 32.2% of the Group's FY2023 revenue respectively.

The Group's rental income from investment properties continued to see positive growth, increasing by 1.7% to S\$6.4 million in FY2023 due to the rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia. Overall, the Group's rental income accounted for 4.0% of the Group's total revenue in FY2023.

The Group's gross profit surged by 128.5% to S\$24.7 million in FY2023 from S\$10.8 million in FY2022 whilst gross profit margin improved by 6.2 percentage points to 15.4%. The higher gross profit margin was mainly attributed to the Group's ongoing initiatives to enhance cost management, despite the higher material costs and rising manpower costs.

Other gains recorded a significant increase of 1480.8% to S\$46.9 million in FY2023, from S\$3.0 million in FY2022. The increase was mainly due to the rise in interest income, the receipt of the arbitral award in relation to the Contract 449A worksite incident, the increase in fair value gain in investment properties, and a decline in the loss in 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 and an increase in loss allowance provided for amount due from an associated company during the year.

Administrative expenses for FY2023 rose by S\$6.3 million to S\$18.7 million, as a result of the increase in employee compensation, directors' remuneration accrued, donation, repair and maintenance of office equipment as well as an increase in withholding tax, partially offset by a decline in professional fees.

Accordingly, the Group recorded net profit attributable to equity holders of S\$44.6 million for FY2023 as compared to net loss attributable to equity holders of S\$1.0 million for FY2022.

For the second half ended 31 December 2023 ("2H2023"), revenue rose by 41.1% to S\$90.4 million as compared to S\$64.1 million in the corresponding period a year ago ("2H2022"). Net profit attributable to equity holders was S\$9.0 million for 2H2023 as compared to net loss attributable to equity holders of S\$2.2 million for 2H2022.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$167.8 million while NTA per share was 54.66 Singapore cents as at 31 December 2023.

OKP's free cash and cash equivalents totalled S\$81.7 million as at 31 December 2023, compared to S\$20.8 million a year ago.

Earnings per share (basic) for FY2023 stood at 14.51 Singapore cents, as compared to loss per share (basic) of 0.33 Singapore cent in FY2022.

Based on OKP's closing share price of S\$0.245 as at 23 February 2024, the Group's market capitalisation is S\$75.2 million.

Proposed Dividend

To reward shareholders for their continuous support, the Company had previously paid an interim dividend of \$0.005 per share on 27 September 2023 and the Board has now recommended a final dividend of S\$0.007 per share and a special dividend of S\$0.008 per share. This works out to a total dividend of \$0.02 per share for FY2023.

Outlook

Based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 2 January 2024, the Singapore economy expanded by 2.8% on a year-on-year basis in the fourth quarter of 2023, compared with the 1.0% growth in the preceding quarter. On a quarter-on-quarter seasonally adjusted basis, the economy expanded by 1.7%, extending the 1.3% expansion in the third quarter. For the whole of 2023, the economy grew by 1.2%, moderating from the 3.6% growth in 2022.

Additionally, MTI announced on 22 November 2023 that the Singapore economy is expected to grow between 1% and 3% in 2024 as the growth prospects of the manufacturing and trade-related sectors in Singapore are expected to improve in tandem with the turnaround in global electronics demand.

Construction

According to MTI, the construction sector expanded by 9.1% year-on-year in the fourth quarter, surpassing the 6.2% growth in the previous quarter attributed to the increased construction output from both public and private sector construction. Overall, on a quarter-on-quarter seasonally-adjusted basis, the pace of growth in the construction sector picked up to 4.3% in the fourth quarter, from 0.8% in the third quarter.

Based on projections by the Building and Construction Authority (“BCA”) released on 15 January 2024, total construction demand in 2024 is projected to be between S\$32 billion and S\$38 billion. The public sector demand is expected to contribute about 55% of total construction demand, or between S\$18 billion and S\$21 billion, mainly from public housing and infrastructure projects while the private sector demand is expected to account for between S\$14 billion and S\$17 billion, mainly from residential developments under the Government Land Sales programme, expansion of the two integrated resorts and redevelopment of commercial premises, as well as the development of mixed-used properties and industrial facilities.

Due to the numerous work-related injuries in the first half of 2023, the Ministry of Manpower has announced that it will step up on inspections of the metalworking industry and raise safety standards for smaller-scale construction works such as Addition & Alteration, Renovation and Facility Management. Furthermore, MOM has introduced enhanced measures to reduce heat stress for outdoor workers focusing on the four aspects of acclimatise, drink, rest, and shade.

In its commitment to preventing workplace incidents and building safer workplaces, the Group will take collective responsibility by implementing safety measures to safeguard all employees and cultivate a safe working environment.

Collectively, the Group is cautiously optimistic on the construction sector outlook for 2024 and will exercise caution and prudence in pursuing new opportunities. Additionally, the Group will prioritise risk management and regulatory compliance as well as leveraging on its strong track record and industry experience to navigate the challenges and capitalise on opportunities to ensure long-term sustainable growth.

The Group continues to be supported by a healthy pipeline of construction projects and has secured five projects in 2023 amounting to a total of approximately S\$322.5 million. Among these, two projects were awarded by the Public Utilities Board for drainage improvement works while three projects were awarded by the Land Transport Authority for improvement of road-related facilities, construction of cycling path network and maintenance of roads, road-related and commuter-related facilities. Nonetheless, the Group remains committed to upholding discipline and prudence in its finance and cashflow management and to embracing technology to enhance productivity.

As of 31 December 2023, the Group's order book stood at S\$518.6 million, a 44.8% jump from S\$358.2 million², with projects extending till 2027.

In its pursuit of the mission to become the first and preferred civil engineering contractor, the Group will continue to prioritise the smooth execution and delivery of its projects, while also fostering strategic collaborations to drive growth and fortify its capabilities.

Property Development and Investment

Statistics released by the Urban Redevelopment Authority ("URA") on 2 January 2024 indicated that the private residential price index continued to moderate for a second straight year, growing at a slower pace of 6.7%, compared to 8.6% in 2022.

For the year of 2023, total sale transaction volume declined by 15%, from 21,890 units in 2022 to 18,510 units in 2023, marking the lowest annual sale transaction volume since 2016.

Amidst signs of a moderating property market following the implementation of cooling measures and against a backdrop of sustained high interest rates environment, the Group expects the private residential market to remain challenging.

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

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

To drive recurring income, the Group owns a portfolio of investment properties encompassing 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, through its 51%-owned subsidiary, Raffles Prestige Capital Pte. Ltd., which have contributed positively to the Group's performance.

To remain steadfast in diversifying earnings and driving recurring income streams, the Group will continue to pursue strategic partnership to strengthen its foothold in property development and investment ventures to deliver long term value to its 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 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.

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