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### For Immediate Release

## OKP HOLDINGS LIMITED REPORTS 29.3% GROWTH IN REVENUE TO S\$90.0 MILLION AND NET PROFIT OF S\$4.2 MILLION IN FY2021

- ***Recovery in construction and maintenance segments in 2H2021 driven by higher number of existing and newly awarded contracts***
- ***Achieved better performance across-the-board for Group's three business segments***
  - o ***Secured four projects from PUB totalling S\$154.6 million***
  - o ***Further broadened recurring income stream with completion of acquisitions of freehold properties for investment – 35 Kreta Ayer, and 69 and 71 Kampong Bahru***
- ***Healthy order book of S\$329.2 million<sup>1</sup>, with visibility extending to 2025***
- ***Strong balance sheet, with free cash and cash equivalents of S\$45.8 million***
- ***Proposes one-tier tax exempt final dividend of S\$0.007 per share***

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' Million	2H2021	2H2020	▲/▼ (%)	FY2021	FY2020	▲/▼ (%)
Revenue	44.9	37.4	▲20.1	90.0	69.6	▲29.3
Gross Profit	2.3	3.6	▼35.5	6.8	7.4	▼7.9
GP Margins	5.2	9.6	▼4.4ppt	7.5%	10.6%	▼3.1ppt
Net Profit	2.8	2.0	▲42.4	4.2	4.0	▲7.1
Net profit attributable to equity holders	0.5	1.7	▼68.0	1.5	3.3	▼54.0
For the year ended 31 December 2021: <b>Earnings per share – Basic (cents): 0.49</b> Singapore cents (2020: 1.07 Singapore cents)						
As at 31 December 2021: <b>Net Tangible Assets: S\$123.5 million, NTA Per Share: 40.25</b> Singapore cents						

<sup>1</sup> As at 31 December 2021.

**Singapore, 21 February 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 29.3% increase in revenue to S\$90.0 million for the full year ended 31 December 2021 (“FY2021”) as compared to S\$69.6 million in the previous year (“FY2020”), mainly due to higher contributions from the construction and maintenance segments as well as an increase in rental income. Net profit attributable to equity holders of S\$1.5 million was reported for FY2021, from S\$3.3 million in FY2020.

**Group Managing Director, Mr Or Toh Wat** (胡土发), said, “We are heartened by the gradual recovery of the economy and uptick in our business performance in FY2021. Nonetheless, while we are encouraged by the recovery of economic activities, including building and construction, we continue to remain vigilant of the challenges ahead, especially with the volatility of the COVID-19 situation and the increasingly competitive business landscape.

“On the back of the optimistic recovery of public construction demand and activities, the Group will continue to capture new opportunities for our infrastructure and civil engineering business, by leveraging on our strong track record and expertise. We are encouraged to have clinched four projects from PUB totalling S\$154.6 million, for Deep Tunnel Sewerage System Phase 2 (DTSS2) and other drainage improvement projects, bringing total order book to S\$329.2 million<sup>1</sup>. We will also continue to strengthen our core competencies and increase productivity through innovation and use of technology for a stronger competitive advantage.

“In addition, we remain committed in our efforts to grow our property investment business and will continue to focus on good asset investment opportunities locally and overseas, to ensure a recurring income stream that is a vital contributor to the Group’s sustainability.”

## Review of Performance

	2H2021	2H2020	▲/▼	FY2021	FY2020	▲/▼
Revenue	S\$' Million	S\$' Million	S\$' Million	S\$' Million	S\$' Million	S\$' Million
<b>Construction</b>	26.6	23.7	▲12.3	56.5	46.1	▲22.8
<b>Maintenance</b>	14.7	10.3	▲41.9	26.4	17.2	▲53.1
<b>Rental Income</b>	3.6	3.4	▲8.1	7.1	6.3	▲11.9
<b>Total Revenue</b>	44.9	37.4	▲20.1	90.0	69.6	▲29.3

The overall increase in the Group's revenue in FY2021 was largely due to increases of 22.8% and 53.1% in revenue from the construction segment and maintenance segment respectively, as well as a 11.9% increase in rental income.

The increases in the construction and maintenance segments' revenue to S\$56.5 million and S\$26.4 million respectively, were mainly due to the higher percentage of revenue recognised from a number of existing and newly awarded construction and maintenance projects during FY2021, a clear sign of recovery from lower activities in FY2020 due to temporary cessation of construction activities in compliance with the government's COVID-19 measures. The construction and maintenance segments are the major contributors to the Group's revenue, representing 62.8% and 29.3% of the Group's FY2021 revenue, respectively.

The Group's rental income from investment properties continued to see positive growth, improving 11.9% to S\$7.1 million in FY2021 as compared to S\$6.3 million in FY2020. Overall, the Group's rental income contributed 7.9% to the Group's total revenue in FY2021. The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia, as well as rental income from the newly acquired investment properties at 35 Kreta Ayer Road, and 69 and 71 Kampung Bahru Road.

The Group's gross profit dipped by 7.9% to S\$6.8 million in FY2021 from S\$7.4 million in FY2020 whilst gross profit margin decreased by 3.1 percentage points to 7.5%. The lower gross profit margin for FY2021 was largely due to lower profit margins for new and current construction and maintenance projects as a result of the increase in overheads, prices of materials and rising manpower costs.

Other gains had decreased by S\$3.0 million to S\$7.7 million in FY2021, from S\$10.7 million in FY2020. The decrease was mainly due to the decrease in receipt of payouts and rebates from the government, a one-off reversal of impairment allowance following the disposal of a former associated company in FY2020 which did not recur in FY2021, a decrease in interest income and a decrease in the gain on foreign exchange, partially offset by an increase in net fair value gain.

Net profit attributable to equity holders stood at S\$1.5 million for FY2021 as compared to S\$3.3 million for FY2020.

For the second half ended 31 December 2021 ("**2H2021**"), revenue rose 20.1% to S\$44.9 million as compared to S\$37.4 million in the corresponding period during the previous year ("**2H2020**"). Net profit attributable to equity holders stood at S\$0.5 million for 2H2021 as compared to S\$1.7 million for 2H2020.

### **Balance Sheet Highlights**

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$123.5 million while NTA per share was 40.25 Singapore cents as at 31 December 2021.

OKP's free cash and cash equivalents stood at S\$45.8 million as at 31 December 2021, compared to S\$74.0 million a year ago.

Earnings per share (basic) for FY2021 stood at 0.49 Singapore cents, as compared to 1.07 Singapore cents in FY2020.

Based on OKP's closing share price of S\$0.190 as at 21 February 2022, the Group's market capitalisation is S\$58.3 million.

### **Proposed Dividend**

To reward shareholders for their continuous support, the Board has proposed a final cash dividend of S\$0.007 per share.

### **Outlook**

According to advance estimates released by the Ministry of Trade and Industry (“**MTI**”) on 3 January 2022<sup>2</sup>, the Singapore economy grew 5.9% on a year-on-year basis in 4Q2021. Despite moderating from the 7.1% growth in the previous quarter, the economy in 4Q2021 outpaced the 1.2% growth in the preceding quarter on a quarter-on-quarter seasonally adjusted basis, expanding by 2.6%. This brought the economy's full-year growth to 7.2% in 2021, rebounding from the 5.4% contraction in 2020.

### **Construction**

In 4Q2021, the construction sector grew by 2.0% on a year-on-year basis which was slower than the 66.3% growth in the preceding quarter. Overall, on a quarter-on-quarter seasonally-adjusted basis, the sector contracted by 4.4% in 4Q2021, a reversal from the 4.9% growth in the previous quarter. However, the strong growth in 3Q2021 was mainly supported by a lower base due to the slow resumption of construction activities after the Circuit Breaker in 2020.

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<sup>2</sup> Ministry of Trade and Industry, 3 January 2022 – “Singapore's GDP Grew by 5.9 Per Cent in the Fourth Quarter of 2021 and by 7.2 Per Cent in 2021”

According to a projection by Building and Construction Authority (BCA) on 26 January 2022<sup>3</sup>, the total construction demand in 2022 is expected to be between S\$27 billion and S\$32 billion, while total construction demand in the medium term from 2023 to 2026 is expected to reach between S\$25 billion and S\$32 billion per year. The public sector is also expected to lead in the demand, contributing S\$14 billion to S\$18 billion per year from 2023 to 2026, supported by public housing developments.

However, the construction sector in Singapore is expected to remain challenging with projects expected to face further delays due to the manpower crunch and global supply chain disruptions. Notwithstanding the challenges, the Group remains committed to ensuring that Safe Management Measures (SMMs) implemented by the Ministry of Manpower (MOM) and BCA are strictly adhered to at the Group's project sites so that projects can be completed in a timely and socially responsible manner.

In addition, the Group will continue to leverage its strong track record and expertise to capture new opportunities in both the public and private construction sectors to maintain a strong order book and growth, despite the increasingly competitive and challenging business landscape due to the labour shortage, supply chain disruptions and increasing business costs.

The Group remains optimistic as it continues to be supported by a healthy pipeline of construction projects. During the year, the Group clinched four projects from PUB totalling \$154.6 million. OKP will also remain vigilant and continue to exercise discipline and prudence in its finances and cashflow management. To stay nimble, the Group will continue to embrace technology and innovation, enhance and upscale its workforce, as well as boost the implementation of equipment and tools to scale down on the reliance on manpower, to raise its productivity and the Group's competitive edge.

As of 31 December 2021, the Group's order book stood at S\$329.2 million, with projects extending till 2025.

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<sup>3</sup> *Building and Construction Authority, 26 January 2022 – "Sustained Construction Demand in 2022 supported by Public Sector 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 5.0% increase in the private residential property index in 4Q2021, compared with the 1.1% increase in 3Q2021. For the whole of 2021, prices of private residential properties increased by 10.6%, compared with the 2.2% increase in 2020. In 4Q2021, developers launched 2,275 uncompleted private residential units for sale (excluding ECs), compared with 2,149 units in 3Q2021, while sales figures in 4Q2021 showed that developers had sold 3,018 private residential units compared to 3,550 units sold in 3Q2021<sup>4</sup>.

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, is expected to TOP in November 2023. As at the date of this announcement, with the stepping up of marketing efforts, approximately 38% 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 acquisitions of 35 Kreta Ayer Road, and 69 and 71 Kampong Bahru Road in 2021. Both acquisitions have contributed positively towards the Group's performance.

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<sup>4</sup> Urban Redevelopment Authority, 28 January 2022 – Release of 4th Quarter 2021 real estate statistics

In accordance with the Group's long-term strategy to diversify its earnings and to build on its portfolio of recurring income stream, it 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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