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**For Immediate Release**

**OKP HOLDINGS LIMITED REPORTS NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$2.8 MILLION IN 1Q2018**

- ***Group revenue of S\$23.0 million with higher contribution from maintenance segment***
- ***Gross profit margin rose by 4.2 percentage points to 24.2%***
- ***Balance sheet remains robust, with free cash and cash equivalents increasing to S\$88.3 million***
- ***Net order book of S\$249.4 million provides clear revenue visibility till 2021***
- ***Healthy prospects in the near-to-medium term, supported by steady improvement in construction demand led by the public sector***

<b>GROUP'S FINANCIAL HIGHLIGHTS</b>			
<b>S\$' million</b>	<b>1Q2018</b>	<b>1Q2017</b>	<b>▲/▼</b>
<b>Revenue</b>	23.0	29.7	<b>▼22.7%</b>
<b>Gross Profit</b>	5.6	5.9	<b>▼6.5%</b>
<b>GP Margins (%)</b>	24.2	20.0	<b>▲4.2 ppt</b>
<b>Profit After Tax</b>	2.8	5.1	<b>▼44.0%</b>
<b>EPS – Basic (cents)</b>	0.92	1.64	<b>▼43.9%</b>
As at 31 March 2018: <b>Net Tangible Assets: S\$123.6 million, NTA Per Share: 40.08 cents</b>			

**Singapore, 7 May 2018 – MAINBOARD-LISTED** infrastructure and civil engineering company, OKP Holdings Limited (胡金標控股有限公司) (“OKP” or the “Group”), today announced a net profit attributable to equity holders of S\$2.8 million, on the back of revenue of S\$23.0 million for the three months ended 31 March 2018 (“1Q2018”) against S\$29.7 million in the previous corresponding quarter (“1Q2017”).

The lower revenue in 1Q2018 was largely due to a decrease in revenue contribution from the Group's construction segment. However, the 26.8% fall in cost of works coupled with a few better margin maintenance projects resulted in only a slight decrease in gross profit to S\$5.6 million, from S\$5.9 million in 1Q2017.

In line with the lower revenue and gross profit, together with the 97.4% decline in contribution from share of results of associated companies and joint ventures to S\$0.05 million in 1Q2018, the Group reported a net profit attributable to equity holders of S\$2.8 million as compared to S\$5.1 million in 1Q2017. The lower share of profit of associated companies and joint ventures was largely due to the decrease of S\$1.6 million in share of profit from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, based on the recognition of profits from the few remaining units of the development which were ready for handover during the first quarter ended 31 March 2018.

Correspondingly, earnings per share (basic) for 1Q2018 declined by 43.9% to 0.92 Singapore cents, from 1.64 Singapore cents achieved in 1Q2017.

## Review of Performance

GROUP'S REVENUE HIGHLIGHTS						
	1Q2018		1Q2017		Increase/(decrease)	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	% Change
<b>Construction</b>	13.1	57.0	20.5	69.1	(7.4)	(36.3)
<b>Maintenance</b>	9.9	43.0	9.2	30.9	0.7	7.6
<b>Total Revenue</b>	23.0	100.0	29.7	100.0	(6.7)	(22.7)

The overall decrease in the Group's 1Q2018 revenue was due mainly to its construction segment recording a 36.3% decline in revenue to S\$13.1 million. This was attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, as well as the reduced revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway.

On the maintenance segment, the Group saw higher revenue contribution due mainly to the higher percentage of revenue recognised from a number of both existing and newly-awarded maintenance projects which progressed to a more active phase.

The Group's gross profit decreased marginally to S\$5.6 million whilst gross profit margin increased by 4.2 percentage points to 24.2%, largely attributable to a few maintenance projects which commanded better gross profit in 1Q2018.

OKP's net order book amounted to S\$249.4 million as at 31 March 2018, with projects extending till 2021.

**Group Managing Director, Mr Or Toh Wat** (胡土发), said, "We will direct our team's efforts in the smooth execution of our pipeline projects and the strengthening of our order book, focusing on our core civil engineering business. OKP has restarted road and drainage works along the road surface sections of the project since 27 Feb 2018 with the approval of the relevant authorities.

"At the same time, we will continue to look for opportunities to diversify our earnings by expanding our property segment, both locally and abroad, to build a recurrent income base."

In property investment, the Group completed its first overseas acquisition on 9 April 2018, for the freehold modern office complex, 6-8 Bennett Street, in Perth, Australia, located 900 metres west of the Central Business District of Perth.

As for property development, the Group, together with its partners, won the bid to acquire the land parcel at Chong Kuo Road for S\$43.9 million. The consortium intends to develop this 99-year leasehold land into a residential condominium of about 85 units, subject to approval from the relevant authorities.

## **Balance Sheet Highlights**

The Group continued to maintain a strong balance sheet, with net tangible assets (“NTA”) increasing by 2.4% to S\$123.6 million while NTA per share was 40.08 Singapore cents as at 31 March 2018, compared to 39.16 Singapore cents as at 31 December 2017.

OKP’s free cash and cash equivalents increased by S\$4.9 million to S\$88.3 million as at 31 March 2018, from S\$83.4 million as at 31 March 2017.

Net cash generated from operating activities during 1Q2018 was S\$1.1 million, as compared to S\$14.4 million in 1Q2017. The decrease was largely due to a decline in cash generated from operating activities before working capital changes of S\$0.1 million as well as a decrease in net working capital inflow of S\$13.1 million and a rise in income tax paid of S\$0.1 million.

The Group generated net cash of S\$6.3 million from investing activities in 1Q2018, which included an advance of S\$9.9 million from a minority shareholder, partially offset by the purchase of new property, plant and equipment for S\$0.8 million, an advance of S\$2.3 million extended to the Group’s 22.5%-owned associated company, Chong Kuo Development Pte Ltd, for the purpose of purchasing the land parcel, construction and working capital needs as well as an investment of S\$0.5 million in the latter.

In 1Q2018, OKP used net cash of S\$0.4 million for financing activities, which mainly related to repayment of finance lease liabilities of S\$0.3 million and repayment of lease liabilities of S\$0.1 million.

Based on OKP’s closing share price of S\$0.34 as at 7 May 2018, the Group’s market capitalisation is S\$104.9 million.

## Outlook

According to the Ministry of Trade and Industry (“MTI”) advance estimates, Singapore’s economy expanded by 4.3% on a year-on-year (“y-o-y”) basis in the first quarter of 2018, which is higher than the 3.6% growth in the fourth quarter of last year<sup>1</sup>.

The construction sector contracted by 4.4% on a y-o-y basis in the first quarter, following the 5.0% decline in the previous quarter<sup>1</sup>. The weak performance of the sector was due to a fall in both private sector and public sector construction activities<sup>1</sup>. On a quarter-on-quarter seasonally adjusted annualised basis, the sector grew by 4.1%, a reversal from the 0.2% contraction in the preceding quarter<sup>1</sup>.

The Building and Construction Authority (BCA) projected the total value of construction contracts to be awarded in 2018 to reach between S\$26.0 billion and S\$31.0 billion, with 60% of the projects coming from the public sector, amounting to between S\$16 billion and S\$19 billion<sup>2</sup>. These public projects will include major contracts for infrastructure projects such as the North-South Corridor, new MRT works and Deep Tunnel Sewerage System Phase 2 as well as rolling out of the remaining package for Runway 3 by Changi Airport Group<sup>2</sup>.

Over the medium term, BCA anticipates a steady improvement in construction demand, with the public sector continuing to lead the demand. Construction demand is projected to be between S\$26.0 billion and S\$33.0 billion per year for the period 2019 to 2020, and could pick up to between S\$28.0 billion and S\$35.0 billion annually for the period 2021 to 2022<sup>2</sup>.

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<sup>1</sup> [Singapore’s GDP grew by 4.3 per cent in the first quarter of 2018](#), Ministry of Trade and Industry, 13 April 2018

<sup>2</sup> [Public sector construction demand is expected to strengthen this year](#), Building and Construction Authority, 11 January 2018

With respect to the private residential property segment, Urban Redevelopment Authority's ("URA") 1Q2018 flash estimates reflected an increase of 3.1% in private residential property prices, compared to the 0.8% increment in 4Q2017<sup>3</sup>.

In view of a stronger economic outlook and improved sentiments in the private property market, BCA projected construction demand from the private sector to improve from S\$9 billion in 2017 to between S\$10 billion and S\$12 billion this year<sup>4</sup>.

Looking ahead at industry prospects, Mr Or added, "Notwithstanding a challenging operating environment, we see healthy prospects in the near-to-medium term, supported by steady improvement in construction demand led by the public sector. Our order book stands at S\$249.4 million, with visibility extending to 2021.

"In property investment, we expect 6-8 Bennett in Perth to contribute to the Group's income in the current financial year and we look forward to the launch of the 85-unit residential development at Chong Kuo Road and the sale of the remaining units at the 109-unit Amber Skye."

Moving forward, the Group will continue to deliver its existing projects as well as strengthen its core civil engineering business. OKP will also continue to seek suitable opportunities to broaden its foothold in property, both locally and abroad, through strategic tie-ups with experienced partners.

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<sup>3</sup> [URA releases flash estimate of 1<sup>st</sup> Quarter 2018 private residential property price index](#), 2 April 2018

<sup>4</sup> [Public sector construction demand is expected to strengthen this year](#), Building and Construction Authority, 11 January 2018

## **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 two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering, as well as infrastructure construction projects, primarily in Singapore.

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, Foster Wheeler Asia Pacific Pte Ltd, WorleyParsons Pte Ltd and Angullia Development 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 has minority stakes in Amber Skye, a freehold residential development, LakeLife, an executive condominium in Jurong, as well as a 99-year leasehold residential development in Chong Kuo Road, which is currently pending authorities' approval for its development plans. 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 August 2010, OKP made the Forbes Asia's 'Best Under A Billion' List, the magazine's annual ranking of the best 200 firms in the Asia-Pacific region, selected from a list of nearly 13,000 publicly-listed top performers with sales under US\$1 billion. OKP has also won several awards for its annual reports, corporate governance and investor relations effort as well as "Singapore 1000 Company" Certificates of Achievement from DP Information Group over the years.

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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