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For Immediate Release

OKP HOLDINGS LIMITED REPORTS 1H2018 NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$3.0 MILLION

- ***Group revenue of S\$50.4 million with higher contribution from maintenance segment and rental income***
- ***Balance sheet remains healthy, with free cash and cash equivalents of S\$61.9 million***
- ***Net order book of S\$208.3 million provides clear revenue visibility till 2021***

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	2Q2018	2Q2017	▲/▼	1H2018	1H2017	▲/▼
Revenue	27.4	34.5	▼20.6%	50.4	64.2	▼21.5%
Gross Profit	1.8	8.0	▼77.5%	7.5	14.0	▼47.0%
GP Margins	6.6%	23.4%	▼16.8ppt	14.8%	21.9%	▼7.1ppt
Net profit attributable to equity holders	0.1	5.0	▼97.8%	3.0	10.0	▼70.5%
EPS – Basic (cents)	0.03	1.61	▼98.1%	0.96	3.24	▼70.4%
As at 30 June 2018:						
Net Tangible Assets: S\$117.7 million, NTA Per Share: 38.2 cents						

Singapore, 6 August 2018 – MAINBOARD-LISTED infrastructure and civil engineering company, OKP Holdings Limited (胡金标控股有限公司) (“OKP” or the “Group”), today announced a net profit attributable to equity holders of S\$3.0 million, on a revenue of S\$50.4 million for the six months ended 30 June 2018 (“1H2018”) against S\$64.2 million in the previous corresponding six months (“1H2017”).

The lower 1H2018 revenue was largely due to a decrease in revenue contribution from the Group’s construction segment. In line with the lower revenue and gross profit, together with a 93.0% decrease in contribution from the share of profit of associated companies and joint ventures to S\$0.2 million, the Group’s 1H2018 net profit attributable to equity holders came to S\$3.0 million as compared to S\$10.0 million in 1H2017. The decline in share of profit of associated companies and joint ventures was largely due to the decrease in share of profit of S\$1.7 million from Lakehomes Pte Ltd, the developer for the LakeLife Executive Condominium, as there were few remaining units of the development which were ready for handover during 1H2018.

Correspondingly, earnings per share (basic) for 1H2018 declined by 70.4% to 0.96 Singapore cents, from 3.24 Singapore cents achieved in 1H2017.

Review of Performance

GROUP’S REVENUE HIGHLIGHTS						
	1H2018		1H2017		Increase/(decrease)	
	S\$’ Million	% of Total	S\$’ Million	% of Total	S\$’ Million	% Change
Construction	21.8	43.3	43.0	67.0	(21.2)	(49.3)
Maintenance	27.3	54.2	21.1	32.8	6.2	29.4
Rental Income	1.3	2.5	0.1	0.2	1.2	1,279.8
Total Revenue	50.4	100.0	64.2	100.0	(13.8)	(21.5)

The overall decrease in the Group's revenue in 1H2018 was due mainly to its construction segment recording a 49.3% decline in revenue to S\$21.8 million. This was attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, as well as no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway.

However, revenue from the maintenance segment rose by 29.4% from S\$21.1 million in 1H2017 to S\$27.3 million in 1H2018. The rise in revenue contribution was due mainly to the higher percentage of revenue recognised from a few major maintenance projects which were in full swing during the financial period under review. At the same time, the Group recorded a significant increase in rental income generated from its investment properties, mainly due to maiden rental income from the newly purchased office property at 6-8 Bennett Street, East Perth, Western Australia during the second quarter ended 30 June 2018.

The Group's gross profit decreased to S\$7.5 million whilst gross profit margin declined by 7.1 percentage points to 14.8%, largely attributable to lower profit margins for some construction projects as a result of a more competitive pricing environment.

OKP's net order book amounted to S\$208.3 million as at 30 June 2018, with projects extending till 2021.

Group Managing Director, Mr Or Toh Wat (胡士发), said, "In April this year, the Group completed the acquisition of the freehold office complex, 6-8 Bennett Street, in Perth, Australia, which contributed a rental income of S\$1.1 million for the second quarter of the current financial year. This strategic acquisition is in line with our ongoing efforts to diversify our earnings and build a recurrent income stream to mitigate the cyclical construction industry.

“We expect the Australian office property to continue contributing to the Group’s income in the financial year. Meanwhile, OKP will continue to market the remaining units of the 109-unit Amber Skye in Singapore despite the latest property cooling measures. We have also entered into a joint venture with Lian Soon Holdings Pte. Ltd. and other parties to develop the land parcel at Chong Kuo Road. The Group, together with Lian Soon, acquired the land parcel in February 2018 and plans are in place to develop a 85-unit residential development, subject to the relevant authorities’ approval.”

Balance Sheet Highlights

The Group continued to maintain a healthy balance sheet, with net tangible assets (“NTA”) of S\$117.7 million while NTA per share was 38.17 Singapore cents as at 30 June 2018. As at 31 December 2017, the NTA and NTA per share were S\$120.8 million and 39.16 Singapore cents respectively.

OKP’s free cash and cash equivalents stood at S\$61.9 million as at 30 June 2018, compared to S\$75.3 million as at 30 June 2017.

Net cash used in operating activities during 1H2018 was S\$1.7 million, as compared to net cash of S\$11.7 million generated from operations in 1H2017. The decrease was largely due to a decline in cash generated from operating activities before working capital changes of S\$5.0 million as well as a decrease in net working capital inflow of S\$8.4 million and a rise in income tax paid of S\$0.1 million.

During 1H2018, the Group used S\$36.9 million in investing activities, which included the purchase of the investment property at 6-8 Bennett Street, East Perth, Western Australia for S\$46.3 million, partially offset by an advance of S\$10.3 million from a minority shareholder for the purpose of purchasing the property in Australia and working capital needs, as well as the loan repayment of S\$3.9 million by the Group’s 10%-owned joint venture, Lakehomes Pte Ltd and dividends of S\$0.3 million received from 50%-owned joint venture, Forte Builder Pte Ltd.

Net cash of S\$18.9 million was generated from financing activities in 1H2018, which was mainly due to the proceeds from bank borrowings of S\$26.3 million.

Based on OKP's closing share price of S\$0.26 as at 6 August 2018, the Group's market capitalisation is S\$80.2 million.

Outlook

According to the Ministry of Trade and Industry ("MTI") advance estimates, Singapore's economy expanded by 3.8% on a year-on-year ("y-o-y") basis in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter¹.

The construction sector contracted by 4.4% on a y-o-y basis in the second quarter, following the 5.2% decline in the previous quarter. The sector was weighed down primarily by the continued weakness in private sector construction activities¹. On a quarter-on-quarter seasonally adjusted annualised basis, the sector contracted by 14.6%, a reversal from the 0.9% growth in the preceding quarter¹.

In January 2018, The Building and Construction Authority (BCA) projected the total value of construction contracts to be awarded this year to reach between \$26.0 billion and \$31.0 billion, with 60% of the projects coming from the public sector². Underpinned by an anticipated increase in demand for most building types and civil engineering works, which include major contracts for infrastructure projects like the North-South Corridor, new MRT works, Deep Tunnel Sewerage System Phase 2 and the remaining package for Runway 3 by Changi Airport Group, construction demand from the public sector is expected to be between \$16 billion and \$19 billion this year².

¹ [Singapore's GDP Grew by 3.8% in the Second Quarter of 2018](#) – Ministry of Trade and Industry Singapore, 13 July 2018

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

Over the medium term, construction demand is projected to be between \$26.0 billion and \$33.0 billion per year for the period of 2019 to 2020, and could pick up to between \$28.0 billion and \$35.0 billion annually for the period of 2021 to 2022². The public sector will continue to lead demand and is expected to contribute \$16 billion to \$20 billion per annum in 2019 to 2022².

With respect to the private residential property segment, Urban Redevelopment Authority's ("URA") 2Q 2018 flash estimates reflected an increase of 3.4% in private residential property prices, compared to the 3.9% increment in the first quarter ended 31 March 2018³.

Moving ahead, Mr Or said, "On the construction front, the operating environment is expected to remain challenging in spite of the improving sector prospects in the near-to-medium term.

"However at OKP, notwithstanding the challenging operating conditions arising from the continued rising costs, competition and shortage of experienced and skilled manpower, as well as the termination by mutual agreement of the contract for the construction of the viaduct from Tampines Expressway to the westbound of Pan Island Expressway and Upper Changi Road East with effect from 6 July 2018, the Group will remain focused on our core civil engineering business.

"At the same time, we will continue to seek suitable opportunities to enlarge our foothold in property, both locally and abroad, through strategic partnerships."

³ [URA releases flash estimate of 2nd Quarter 2018 private residential property price index, Urban Redevelopment Authority, 2 July 2018](#)

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 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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