

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

For Immediate Release

OKP HOLDINGS LIMITED REPORTS NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$3.8 MILLION IN 9M2018

- ***Group revenue of S\$72.1 million with higher contribution from maintenance segment and rental income***
- ***Strong balance sheet, with free cash and cash equivalents of S\$73.5 million***
- ***Net order book of S\$258.7 million provides clear revenue visibility till 2021***
- ***Plans to develop Chong Kuo land parcel into a residential condominium of 84 units and to redevelop Phoenix Heights***
- ***Continues to look for opportunities to diversify earnings locally and abroad***

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	3Q218	3Q2017	▲/▼	9M2018	9M2017	▲/▼
Revenue	21.7	27.1	▼20.0%	72.1	91.3	▼21.1%
Gross Profit ("GP")	3.4	2.6	▲28.3%	10.9	16.7	▼35.0%
GP Margins	15.8%	9.8%	▲6.0ppt	15.1%	18.3%	▼3.2ppt
Net profit attributable to equity holders	0.8	0.7	▲9.3%	3.8	10.7	▼65.0%
EPS – Basic (cents)	0.26	0.24	▲8.3%	1.22	3.48	▼64.9%
As at 30 September 2018:						
Net Tangible Assets: S\$118.8 million, NTA Per Share: 38.5 cents						

Singapore, 5 November 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\$3.8 million, on a revenue of S\$72.1 million for the nine months ended 30 September 2018 (“9M2018”), as compared to S\$10.7 million and S\$91.3 million respectively in the previous corresponding period (“9M2017”).

The lower 9M2018 revenue was due mainly to a decrease in revenue contribution from the Group’s construction segment, partially offset by an increase in revenue from the maintenance segment to S\$34.5 million, and a significant increase in rental income from the newly-purchased office property at 6-8 Bennett Street, East Perth, Western Australia.

The lower revenue and GP, together with a S\$2.4 million decrease in contribution from the share of profit of associated companies and joint ventures to S\$0.2 million, had an impact on the Group’s 9M2018 bottom line.

The share of profit of joint ventures decreased by S\$1.9 million, largely due to a S\$1.8 million decrease in share of profit 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 9M2018.

Correspondingly, earnings per share (basic) for 9M2018 declined by 64.9% to 1.22 Singapore cents, from 3.48 Singapore cents achieved in 9M2017.

For the third quarter ended 30 September 2018 (“3Q2018”), the Group reported a 9.3% increase in net profit attributable to equity holders to S\$0.8 million, notwithstanding a 20.0% decline in revenue to S\$21.7 million, in comparison to S\$0.7 million and S\$27.1 million, respectively, in the third quarter ended 30 September 2017 (“3Q2017”). GP was up 28.3% to S\$3.4 million from S\$2.7 million in 3Q2017.

Review of Performance

GROUP'S REVENUE HIGHLIGHTS						
	9M2018		9M2017		Increase/(decrease)	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	% Change
Construction	34.9	48.4	60.6	66.4	(25.7)	(42.5)
Maintenance	34.5	47.9	30.5	33.4	4.0	13.1
Rental Income	2.7	3.7	0.2	0.2	2.5	1634.8
Total Revenue	72.1	100.0	91.3	100.0	(19.2)	(21.1)

The overall decrease in the Group's revenue in 9M2018 was due mainly to its construction segment recording a 42.5% decline in revenue to S\$34.9 million. This was attributable to a lower percentage of revenue recognised from a few construction projects which were reaching completion, a lower percentage of revenue recognised from a few newly-awarded construction projects, as well as no revenue generated from a construction project at the Pan-Island Expressway exit to Tampines Expressway.

The decrease in revenue was offset by a 13.1% increase in revenue from the maintenance segment to S\$34.5 million in 9M2018 that was due mainly to a higher percentage of revenue recognised from a few major maintenance projects which were in full swing in 9M2018. The Group also recorded a substantial increase in rental income from the office property at 6-8 Bennett Street, East Perth, Western Australia, purchased in February this year.

The Group's 9M2018 GP decreased by S\$5.8 million and GP margin declined by 3.2 percentage points to 15.1%, largely attributable to lower profit margins for some current maintenance projects as a result of a more competitive pricing environment.

OKP's net order book amounted to S\$258.7 million as at 30 September 2018, with projects extending till 2021.

Group Managing Director, Mr Or Toh Wat (胡士发), said, “In line with our long-term approach to diversify earnings and build a recurrent income stream, the Group completed the strategic acquisition of our first overseas property at 6-8 Bennett Street in Perth in our foray into Australia. This contributed to a rental income of S\$1.3 million for the third quarter of the current financial year. We expect to see continuing contribution to the Group’s income from this Australian office property, given the good upside potential with limited new office supply and strong demand for good quality office space in Perth’s CBD.”

“In addition, together with our joint venture partner, Lian Soon, we plan to develop the land parcel at Chong Kuo into a condominium with 84 residential units. We have also applied for the grant of a fresh 99-year lease for Phoenix Heights which we recently won through a collective sale, and we intend to redevelop the property in consideration of its good location near the Phoenix LRT station, in close proximity to the Bukit Timah Nature Reserve and Bukit Batok Golf Range.”

Balance Sheet Highlights

The Group continued to maintain a strong balance sheet, with net tangible assets (“NTA”) of S\$118.8 million while NTA per share was 38.5 Singapore cents as at 30 September 2018. As at 31 December 2017, the NTA and NTA per share were S\$120.8 million and 39.16 Singapore cents respectively.

The Group’s free cash and cash equivalents stood at S\$73.5 million as at 30 September 2018, compared to S\$71.0 million as at 30 September 2017.

Net cash used in operating activities during 9M2018 was S\$3.9 million, as compared to net cash of S\$7.4 million generated from operations in 9M2017. The decrease was due mainly to a decrease in cash generated from operating activities before working capital changes of S\$3.9 million and a rise in income tax paid of S\$0.4 million.

During 9M2018, the Group used S\$30.0 million in investing activities, which included the advance of S\$1.7 million to USB Holdings Pte Ltd for the purchase of the property at 71-85 Phoenix Avenue, Phoenix Heights, another advance of S\$3.3 million to Chong Kuo Development Pte Ltd for the purchase of land parcel, construction costs and working capital needs, and the purchase of the investment property at 6-8 Bennett Street, East Perth, Western Australia, for S\$46.3 million.

This was partially offset by an advance of S\$10.3 million from a minority shareholder for the purchase of the Australian property and working capital needs, a loan repayment of S\$8.5 million by an associated company, CS Amber Development Pte Ltd, 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\$18.0 million was generated from financing activities in 9M2018, mainly due to the proceeds from bank borrowing of S\$25.7 million.

Based on OKP's closing share price of S\$0.19 as at 5 November 2018, the Group's market capitalisation is S\$58.9 million.

Outlook

According to the Ministry of Trade and Industry ("MTI") advance estimates, Singapore's economy expanded by 2.6% on a year-on-year ("y-o-y") basis in the third quarter of 2018, moderating from the 4.1% growth in the previous quarter¹.

The construction sector contracted by 3.1% on a y-o-y basis in the third quarter, weighed down primarily by the weakness in public sector construction projects, compared to the 4.2% decline in the previous quarter¹. On a quarter-on-quarter

¹ [*Singapore's GDP Grew by 2.6 Per Cent in the Third Quarter of 2018*](#) – Ministry of Trade and Industry Singapore, 12 October 2018

seasonally-adjusted annualised basis, the sector contracted by 1.7%, a turnaround from the contraction of 14.5% in the second quarter¹.

According to the mid-year forecast and actual construction demand data released by the Building and Construction Authority (“BCA”) in August 2018, the total value of construction projects for the first eight months of 2018 reached S\$18.67 billion, out of which S\$10.99 billion, or almost 60%, was made up of public sector projects².

Over the medium term, BCA expects the construction demand to steadily improve, with a projection of between S\$26.0 billion and S\$33.0 billion per year for the period of 2019 to 2020, which could pick up to between S\$28.0 billion and S\$35.0 billion annually for the period of 2021 to 2022³.

With regards to the private residential property segment, Urban Redevelopment Authority’s (“URA”) 3Q2018 real estate statistics reflected an increase of 0.5% in private residential property prices for the July to September period⁴, a slowdown as compared to a 3.4% increase in 2Q2018 after the implementation of the property cooling measures on 6 July 2018⁵.

Moving ahead, Mr Or said, “The construction sector will continue to experience headwinds given the challenging operating environment due to keen competition, rising business and operation costs as well as manpower shortage.”

“The Group remains cautiously optimistic on near-term prospects as we stay focused on our core business, supported by a pipeline of projects. At the same time, we will continue to seek suitable opportunities to diversify our earnings beyond construction, both within Singapore and overseas.”

² [Forecast and Actual Construction Demand \(to-date\)](#) – Building and Construction Authority, August 2018

³ [Forecast and Actual Construction Demand \(to-date\)](#) – Building and Construction Authority, August 2018

⁴ [Release of 3rd Quarter 2018 real estate statistics](#), Urban Redevelopment Authority, 26 October 2018

⁵ [Private home prices slow sharply to 0.5% rise in Q3 after cooling measures: URA flash data](#), Straits Times, 1 October 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. OKP has also recently acquired Phoenix Heights through a

collective sale and intends to redevelop the property. For investment purposes, OKP holds a 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.

Issued on behalf of OKP Holdings Limited by: Citigate Dewe Rogerson Singapore

Media and Analysts' Contacts:

Citigate Dewe Rogerson Singapore

Dolores Phua / Samantha Koh

During Office Hours: 6534-5122

Email: dolores.phua@citigatedewerogerson.com

samantha.koh@citigatedewerogerson.com
