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For Immediate Release

OKP HOLDINGS LIMITED REPORTS 1Q2019 RESULTS WITH NET CONSTRUCTION ORDER BOOK OF S\$291.6 MILLION¹

- ***Strong balance sheet, with free cash and cash equivalents of S\$66.5 million***
- ***Focus on the smooth execution of pipeline projects and core civil engineering business, with healthy prospects in the near-to-medium term***
- ***Continues to look for opportunities to diversify earnings locally and abroad***

GROUP'S FINANCIAL HIGHLIGHTS			
S\$' Million	1Q2019	1Q2018	▲/▼
Revenue	19.2	23.0	▼16.8%
Gross Profit	3.7	5.6	▼34.1%
GP Margins (%)	19.4	24.4	▼5.0ppt
Net profit attributable to equity holders	1.1	2.8	▼62.4%
EPS – Basic (cents)	0.35	0.92	▼62.0%

Singapore, 6 May 2019 – MAINBOARD-LISTED infrastructure and civil engineering company, OKP Holdings Limited (胡金標控股有限公司) (“OKP” or the “Group”), today reported revenue of S\$19.2 million and net profit attributable to equity holders of S\$1.1 million for the first quarter ended 31 March 2019 (“1Q2019”).

¹ As at 31 March 2019, with projects extending till 2023

This is as compared to S\$23.0 million in revenue and S\$2.8 million in net profit attributable to equity holders in the first quarter ended 31 March 2018 (“1Q2018”). The lower 1Q2019 revenue was mainly due to decrease in revenue from the maintenance and construction segments. However, this lower revenue was partially offset by a significant increase in rental income from the newly-purchased office property at 6-8 Bennett Street, East Perth, Western Australia.

The Group’s 1Q2019 bottom-line was mainly impacted due to the lower revenue and gross profit, together with a share of loss of associated companies and joint ventures of S\$0.5 million. The latter was due mainly to losses incurred by the Group’s 22.5%-held associated company, Chong Kuo Development Pte Ltd, for development of The Essence, and the Group’s 25%-held associated company, USB Holdings Pte Ltd, for the redevelopment of Phoenix Heights as well as a construction project.

Correspondingly, earnings per share (basic) for 1Q2019 declined by 62.0% to 0.35 Singapore cents, from 0.92 Singapore cents in 1Q2018.

REVIEW OF PERFORMANCE

GROUP’S REVENUE HIGHLIGHTS						
	1Q2019		1Q2018		Increase/(decrease)	
	S\$’ Million	% of Total	S\$’ Million	% of Total	S\$’ Million	% Change
Construction	12.4	64.5	13.1	56.8	(0.7)	(5.4)
Maintenance	5.4	28.3	9.9	42.9	(4.5)	(45.0)
Rental Income	1.4	7.2	0.08	0.3	1.3	1,541.7
Total Revenue	19.2	100.0	23.0	100.0	(3.9)	(16.8)

The overall decrease in the Group’s revenue in 1Q2019 revenue was largely due to a 5.4% decrease in construction segment revenue, and a 45.0% decline in maintenance segment revenue.

The decrease in construction segment revenue was largely due to a lower percentage of revenue recognised from a few construction projects which were reaching completion, and a lower percentage of revenue recognised from a few newly-awarded construction projects during 1Q2019. Despite the decrease, the construction segment remains a major contributor, representing 64.5% of the Group's 1Q2019 revenue.

The decrease in maintenance segment revenue was largely due to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during 1Q2019. Overall, the maintenance segment contributed 28.3% to the Group's total revenue in 1Q2019.

The Group's rental income continues to see good potential, recording a significant S\$1.3 million increase in 1Q2019 revenue as compared to 1Q2018. Overall, the Group's rental income contributed 7.2% to the Group's total revenue, up from 0.3% in the previous corresponding quarter.

The lower gross profit margin was largely due to lower profit margins for new and some current projects as a result of a more competitive pricing environment and rising manpower costs.

Group Managing Director, Mr Or Toh Wat (胡士发), said, "The Group will continue to focus on the smooth execution and delivery of our existing and pipeline projects. At the same time, we will direct our team's efforts to sharpen our competitive edge in our core civil engineering business whilst improving productivity and efficiency."

"The Group will also keep an active lookout for appropriate opportunities to diversify our earnings, by expanding our foothold in the property segment through strategic tie-ups with experienced partners, both locally and abroad."

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$123.0 million while NTA per share was 39.89 Singapore cents as at 31 March 2019. As at 31 December 2018, the NTA and NTA per share were S\$121.8 million and 39.49 Singapore cents respectively.

OKP's free cash and cash equivalents stood at S\$66.5 million as at 31 March 2019, compared to S\$88.3 million a year ago.

Net cash generated from operating activities in 1Q2019 was S\$0.3 million, a decrease of S\$0.8 million from 1Q2018. The decrease was mainly due to a decrease in cash generated from operating activities before working capital changes of S\$1.0 million, partially offset by a decrease in income tax paid of S\$0.1 million and an increase in interest received of S\$0.1 million.

In 1Q2019, net cash of S\$2.2 million was used in investing activities. This includes the purchase of new property, plant and equipment of S\$0.4 million, and an advance of S\$1.8 million extended to USB Holdings Pte Ltd, for the purpose of purchasing the land parcel, construction and working capital needs.

Net cash of S\$0.9 million was used in financing activities, with the major outflows for the three months ended 31 March 2019 relating to the repayment of finance lease liabilities of S\$0.3 million, repayment of bank borrowing of S\$0.2 million, interest payments of S\$0.3 million and the repayment of lease liabilities of S\$0.1 million.

Based on OKP's closing share price of S\$0.23 as at 6 May 2019, the Group's market capitalisation is S\$70.9 million.

Outlook

According to the advance estimates from Ministry of Trade and Industry (“MTI”), Singapore’s economy grew by 1.3% on a year-on-year (“y-o-y”) basis in 1Q2019, moderating from the 1.9% growth in the fourth quarter of last year. On a quarter-on-quarter (“q-o-q”) seasonally-adjusted annualised basis, the economy expanded by 2.0%, faster than the 1.4% growth in the previous quarter.²

On the construction front, the sector grew by 1.4% on a y-o-y basis in 1Q2019, representing a turnaround from the 1.0% decline in the previous quarter. This also marked the first quarter of positive growth following 10 consecutive quarters of decline. The sector’s recovery was boosted by an improvement in private sector construction activities. On a q-o-q seasonally-adjusted annualised basis, the construction sector recorded a 7.8% growth, extending the 5.1% expansion in the previous quarter.²

The Building and Construction Authority (“BCA”) projected the total value of construction contracts to be awarded in 2019 to reach between S\$27.0 billion and S\$32.0 billion, with 60% of the projects coming from the public sector, amounting to between S\$16.5 billion and S\$19.5 billion. Public sector construction demand is mainly supported by major infrastructure and pipeline industrial building projects. These projects include big infrastructure projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal 5.³

The construction demand for private sector is expected to remain steady at between S\$10.5 billion and S\$12.5 billion in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.²

² *Singapore’s GDP Grew by 1.3 Per Cent in the First Quarter of 2019 – Ministry of Trade and Industry Singapore, 12 April 2019*

³ *Forecast and Actual Construction Demand (to-date) – Building and Construction Authority, February 2019*

Over the medium term, BCA anticipates steady improvement in the construction demand, with a projection of between S\$27.0 billion and S\$34.0 billion per year for the period of 2020 to 2021 and between S\$28.0 billion and S\$35.0 billion annually for the period of 2022 to 2023.³

With respect to the private residential property segment, the Urban Redevelopment Authority's ("URA") 1Q2019 flash estimates reflected a 0.6% decrease in private residential property prices compared to the 0.1% decrease in the previous quarter.⁴

Looking ahead, Mr Or added: "Despite the industry headwinds, challenging operating environment and rising manpower costs, the Group remains cautiously optimistic of healthy industry prospects in the near-to-medium term, supported by a strong order book of S\$291.6 million, with visibility extending to 2023."

"In terms of property investment, we have successfully launched The Essence, a 84-unit condominium along Chong Kuo Road in March 2019. The Group's overseas property at 6-8 Bennett Street in Perth, Australia continues to contribute significant rental income in the first quarter of FY2019."

The 74-unit residential project Phoenix Heights in Bukit Panjang is also on track, having received the necessary regulatory approvals from the Singapore Land Authority for development and the grant of a fresh 99-year lease extension.

⁴ URA releases flash estimate of 1st Quarter 2019 private residential property price index, Urban Redevelopment Authority, 1 April 2019

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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