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For Immediate Release

OKP HOLDINGS LIMITED ACHIEVES NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$0.3 MILLION IN 2Q2019

- ***Strong balance sheet, with free cash and cash equivalents of S\$60.4 million***
- ***Focus on the execution of pipeline projects and core civil engineering business, with healthy order book of S\$282.6 million¹***
- ***Strong emphasis on advanced technologies and training programmes to streamline processes and improve productivity***
- ***Continues to look for opportunities to diversify earnings locally and abroad, and build a strong recurring income base***

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' Million	2Q2019	2Q2018	▲/▼	1H2019	1H2018	▲/▼
Revenue	19.4	27.4	▼29.2	38.5	50.4	▼23.5
Gross Profit	2.2	1.8	▲23.4	6.0	7.4	▼20.0
GP Margins	11.6%	6.6%	▲5 ppt	15.4%	14.8%	▲0.6ppt
Net profit attributable to equity holders	0.3	0.1	▲159.8	1.3	3.0	▼54.4
EPS – Basic (cents)	0.09	0.03	▲200.0	0.44	0.96	▼54.2
As at 30 June 2019:						
Net Tangible Assets: S\$120.3 million, NTA Per Share: 39.02 cents						

¹ As at 30 June 2019, with projects extending till 2023

Singapore, 13 August 2019 – 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 159.8% increase in net profit attributable to equity holders of S\$0.3 million for the three months ended 30 June 2019 (“2Q2019”) as compared to S\$0.1 million over the corresponding period in the previous year (“2Q2018”). The Group’s higher 2Q2019 bottom line was mainly lifted by higher gross profit and gross profit margin due to higher contribution from the rental income segment, a few construction projects which had commanded better gross profit, and higher other gains largely attributable to a technical management consultancy fee in relation to a piling project in Jakarta. The growth in net profit attributable to equity holders was achieved despite a 29.2% dip in revenue to S\$19.4 million, as compared to S\$27.4 million over the same period.

Correspondingly, earnings per share (basic) for 2Q2019 increased by 200.0% to 0.09 Singapore cents, from 0.03 Singapore cents in 2Q2018.

REVIEW OF PERFORMANCE

GROUP’S REVENUE HIGHLIGHTS						
	2Q2019		2Q2018		Increase/(decrease)	
	S\$’ Million	% of Total	S\$’ Million	% of Total	S\$’ Million	% Change
Construction	12.0	62.1	8.7	31.9	3.3	37.8
Maintenance	6.0	30.9	17.4	63.6	(11.4)	(65.6)
Rental Income	1.3	7.0	1.2	4.5	0.1	11.1
Total Revenue	19.4	100.0	27.4	100.0	(8.0)	(29.2)

The overall decrease in the Group’s revenue in 2Q2019 was largely due to a 65.6% decrease in maintenance segment revenue, partially offset by a 37.8% increase in construction segment revenue and a 11.1% increase in rental income.

The increase in construction segment revenue was largely due to a higher percentage of revenue recognised from a number of existing construction projects which progressed to a more active phase. The construction segment remains a major contributor, representing 62.1% of the Group's 2Q2019 revenue, significantly higher than the 31.9% contribution to revenue in 2Q2018.

The decrease in maintenance segment revenue was largely due to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during 2Q2019. Overall, the maintenance segment contributed 30.9% to the Group's total revenue in 2Q2019.

The Group's rental income continues to see good potential, recording a S\$0.1 million increase to S\$1.3 million in 2Q2019 as compared to 2Q2018. Overall, the Group's rental income contributed 7.0% to the Group's total revenue, up from 4.5% in the previous corresponding quarter.

The higher gross profit margin was largely due to a higher contribution from the rental income segment as well as a few construction projects which had commanded better gross profit in 2Q2019. The gross profit margin increased by five percentage points to 11.6% in 2Q2019, from 6.6% in 2Q2018.

Group Managing Director, Mr Or Toh Wat (胡士发), said, "As a forward-looking company, we will continue to focus on advanced technologies and training programmes as part of our efforts to streamline our processes and enhance our efficiencies and core competencies. Through such initiatives, we can reduce our reliance on manpower, while improving our overall productivity to stay ahead of the competition in the industry."

"We remain committed towards generating value for our shareholders, and will focus on the successful execution of our projects, while building a recurring income base as we continue to keep a lookout for strategic opportunities to diversify our earnings both locally and overseas."

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$120.3 million while NTA per share was 39.02 Singapore cents as at 30 June 2019. As at 31 December 2018, the Group's 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\$60.4 million as at 30 June 2019, compared to S\$61.9 million a year ago.

Net cash used in operating activities in 2Q2019 was S\$1.4 million, a decrease of S\$1.1 million from 2Q2018. The decrease was mainly due to an increase in cash generated from operating activities before working capital changes of S\$0.8 million, a decrease in net working capital outflow of S\$0.2 million and a decrease in income tax paid of S\$0.1 million.

In 2Q2019, net cash of S\$60,000 was used in investing activities. This includes the purchase of new property, plant and equipment of S\$0.5 million, offset by S\$0.3 million attributable to dividends received from an unincorporated joint venture as well as proceeds from the disposal of property, plant and equipment of S\$97,000.

Net cash of S\$4.6 million was used in financing activities, with the major outflows relating to dividend payments to shareholders of S\$3.1 million, repayment of lease liabilities of S\$0.8 million, interest payments of S\$0.3 million and the repayment of borrowings of S\$0.4 million.

Based on OKP's closing share price of S\$0.20 as at 13 August 2019, the Group's market capitalisation is S\$61.7 million.

Outlook

Latest flash estimates from the Ministry of Trade and Industry showed that Singapore's economy expanded by 0.1% on a year-on-year ("y-o-y") basis in 2Q2019. This was a significant decrease from the 1.1% growth in the first quarter of 2019 ("1Q2019"). On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4% as compared to the 3.8% growth in the preceding quarter².

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 around 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 expected to be lifted by major infrastructure projects and a pipeline of major industrial building projects such as the Cross-Island Line, developments at Jurong Lake District and Changi Airport Terminal³.

The construction demand in the 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 developments³.

BCA anticipates a steady improvement in construction demand over the medium term with a projected demand of between \$27.0 billion and \$34.0 billion per year for 2020 to 2021, which could potentially pick up to between \$28.0 billion and \$35.0 billion per year for 2022 to 2023³.

² *Singapore's GDP Grew by 0.1 Per Cent in the Second Quarter of 2019 – Ministry of Trade and Industry Singapore, 12 July 2019*

³ *Singapore's Total Construction Demand To Remain Strong This Year – Building and Construction Authority, 14 January 2019*

Looking ahead, Mr Or added: “While the operating environment is expected to remain challenging in the face of a weaker global economic outlook, rising costs, tough competition and tight labour market, we will leverage our proficiencies and track record to overcome obstacles as we press forward. To stay ahead of the competition and remain as the preferred civil engineering contractor across various industries, we will continue to strengthen our core capabilities.”

As at 30 June 2019, the Group is supported by a healthy order book of S\$282.6 million, with visibility extending to 2023. The Group remains fully committed to the smooth execution and delivery of its existing projects.

Latest real estate statistics from the Urban Redevelopment Authority (“URA”) showed a 1.5% increase in the private residential property index in 2Q2019, compared to the 0.7% decrease in 1Q2019⁴.

In March 2019, the Group had launched The Essence, an 84-unit condominium along Chong Kuo Road, and will continue to actively market this development.

The launch of the 74-unit residential project Phoenix Heights in Bukit Panjang is also well on track for completion in 2020, having earlier received the necessary regulatory approvals from the Singapore Land Authority for development and the grant of a top-up to 99-year lease.

As part of the Group’s long-term strategy to diversify earnings and build a recurring income stream, OKP will continue to explore other business opportunities to broaden its foothold in property development and investment through strategic tie-ups with experienced partners.

⁴ Release of 2nd Quarter 2019 real estate statistics – Urban Redevelopment Authority, 26 July 2019

“The Group’s investment property at 6-8 Bennett Street in Perth, Australia continues to contribute a healthy level of rental income. Encouraged by our first successful overseas investment, we look forward to other opportunities that offer good growth prospects,” added Mr Or.

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 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 the 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, 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 and LakeLife, an executive condominium in Jurong. In March 2019, the Group has successfully launched The Essence, an 84-unit condominium along Chong Kuo Road and will continue to actively market this development. Launch of the 74-unit residential project Phoenix Heights in Bukit Panjang, located near the Phoenix LRT station and in close proximity to the Bukit Timah Nature Reserve and Bukit Batok Golf Range, is also well on track for 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 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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