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**For Immediate Release**

**OKP HOLDINGS LIMITED REPORTS REVENUE OF S\$81.4 MILLION IN FY2019**

- **Healthy order book of S\$283.1 million<sup>1</sup>, with visibility extending to 2023**
- **Strong balance sheet, with free cash and cash equivalents of S\$59.5 million**
- **Proposes one-tier tax exempt final dividend of S\$0.007 per share**

<b>GROUP'S FINANCIAL HIGHLIGHTS</b>						
<b>S\$' Million</b>	<b>4Q2019</b>	<b>4Q2018</b>	<b>▲/▼ (%)</b>	<b>FY2019</b>	<b>FY2018</b>	<b>▲/▼ (%)</b>
<b>Revenue</b>	22.1	18.4	▲20.5	81.4	90.4	▼10.0
<b>Gross Profit</b>	1.7	6.8	▼74.8	10.8	17.9	▼39.5
<b>GP Margins</b>	7.7%	36.8%	▼29.1ppt	13.3%	19.8%	▼6.5ppt
<b>Net (loss)/profit attributable to equity holders</b>	(1.8)	2.7	(164.5)	(0.4)	6.5	(105.8)
<b>(Loss)/Earnings per share – Basic (cents)</b>	(0.57)	0.88	(164.8)	(0.12)	2.10	(105.7)
As at 31 December 2019:						
<b>Net Tangible Assets: S\$119.4 million, NTA Per Share: 38.71 cents</b>						

**Singapore, 28 February 2020 – 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 a revenue of S\$81.4 million for the full year ended 31 December 2019 (“FY2019”) as compared to S\$90.4 million over the corresponding period in the previous year (“FY2018”), a decline of 10.0%, with lower contributions from the maintenance segment. A net loss attributable to equity holders of S\$0.4 million was reported for FY2019, from a gain of S\$6.5 million in FY2018.

<sup>1</sup> As at 31 December 2019

**Group Managing Director, Mr Or Toh Wat** (胡土发), said, “For greater resilience, we will maintain a diversified strategy on both our core infrastructure and civil engineering business, as well as property development and investment business in Singapore and overseas, amidst a challenging macro environment. Top on our priority will be to improve productivity through technology and a constant upgrading of skills for our core construction business. Apart from smooth execution of our healthy order book of S\$283.1 million, providing visibility to 2023, we are also focused on growing our recurring income stream, namely, through our property investment and maintenance divisions, for sustainable growth.”

## REVIEW OF PERFORMANCE

GROUP'S REVENUE HIGHLIGHTS						
	FY2019		FY2018		▲/▼	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	%
<b>Construction</b>	50.0	61.4	46.1	50.9	▲3.9	▲8.5
<b>Maintenance</b>	25.7	31.5	40.4	44.6	▼14.7	▼36.4
<b>Rental Income</b>	5.7	7.1	4.0	4.5	▲1.7	▲42.4
<b>Total Revenue</b>	81.4	100.0	90.4	100.0	▼9.1	▼10.0

The overall decrease in the Group's revenue in FY2019 was largely due to a 36.4% decrease in maintenance segment revenue, partially offset by an 8.5% increase in construction segment revenue and a 42.4% increase in rental income.

The increase in construction segment revenue to S\$50.0 million was largely due to a higher percentage of revenue recognised from a number of existing construction projects and newly awarded projects which progressed to a more active phase in FY2019. The construction segment remains a major contributor, representing 61.4% of the Group's FY2019 revenue, significantly higher than the 50.9% contribution to revenue in FY2018.

The decrease in maintenance segment revenue to S\$25.7 million was largely due to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during FY2019. Overall, the maintenance segment contributed 31.5% to the Group's total revenue in FY2019.

The Group's rental income continues to see good potential, surging 42.4% or S\$1.7 million to S\$5.7 million in FY2019 as compared to S\$4.0 million in FY2018. Overall, the Group's rental income contributed 7.1% to the Group's total revenue in FY2019, up from 4.5% in the previous corresponding period.

Gross profit dipped 39.5% to S\$10.8 million in FY2019 from S\$17.9 million in FY2018 whilst gross profit margin declined 6.5 percentage points to 13.3% mainly due to a more competitive pricing environment and rising manpower cost.

Other gains, on the other hand, achieved a turnaround to S\$2.5 million for FY2019, from a loss of S\$0.6 million for FY2018, mainly due to a technical management consultancy fee, an increase in fair value gain from the revaluation of some investment properties and a rise in miscellaneous income from the sale of construction materials.

Mainly in line with lower revenue, gross profit and higher share of loss of associated companies and joint ventures and higher administrative expenses due to legal fees incurred for an ongoing trial, net loss attributable to equity holders stood at S\$0.4 million for FY2019 as compared to a net profit attributable to equity holders of S\$6.5 million for FY2018.

### **Balance Sheet Highlights**

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$119.4 million while NTA per share was 38.71 Singapore cents as at 31 December 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\$59.5 million as at 31 December 2019, compared to S\$69.2 million a year ago.

Net cash used in operating activities in FY2019 was S\$0.2 million, a decrease of S\$2.3 million from S\$2.5 million in FY2018. The decline was mainly due to a decrease in cash generated from operating activities before working capital changes of S\$5.9 million and a decrease in interest received, partially offset by decreases in both net working capital outflow of S\$8.3 million and income tax paid of S\$0.3 million.

In FY2019, net cash used in investing activities decreased by S\$33.7 million to S\$3.3 million mainly due to the repayment of loans by associated company and joint venture totalling S\$12.3 million in FY2018, an increase in cash used in the purchase of property, plant and equipment and a decrease in dividend from joint ventures. This was partially offset by the purchase of new investment property of S\$46.3 million and an increase in investment in an associated company of S\$0.5 million in FY2018, and a decrease in advances extended to associated companies of S\$3.7 million.

Net cash of S\$6.2 million was used in financing activities in FY2019, with the major outflows relating to dividend payments to shareholders of S\$3.1 million, repayment of lease liabilities of S\$1.3 million, interest payments of S\$1.0 million and the repayment of borrowings of S\$0.8 million.

Loss per share (basic) for FY2019 stood at 0.12 Singapore cents, as compared to earnings per share of 2.10 Singapore cents in FY2018.

Based on OKP's closing share price of S\$0.18 as at 28 February 2019, the Group's market capitalisation is S\$55.5 million.

## Proposed Dividend

To reward shareholders for their continuous support, the Board has proposed a final cash dividend of S\$0.007 per share.

## Outlook

The Ministry of Trade and Industry (“MTI”) has announced that the Singapore economy grew by 0.7% in 2019, slower than the 3.4% growth recorded in 2018. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 0.6% in 4Q2019, compared to the 2.2% growth in the preceding quarter<sup>2</sup>.

For 2020, MTI has downgraded the GDP growth forecast to between -0.5 and 1.5%, with growth expected to come in at around 0.5%, the mid-point of the forecast range. This comes on the back of uncertainties in the global economy, dampened by the COVID-19 outbreak, which is likely to lead to a slowdown in the growth prospects of China and other affected countries this year<sup>2</sup>.

The construction sector grew by 2.8% on a year-on-year basis in 2019, a turnaround from the 3.5% contraction in 2018. Growth of the construction sector was supported by a pickup in both public and private sector construction activities<sup>2</sup>.

According to the Building and Construction Authority (“BCA”), construction demand for 2020 is expected to remain strong with sustained public sector construction demand. The total construction demand for the year is expected to range between \$28.0 billion and \$33.0 billion, with public sector demand expected to reach between \$17.5 billion and \$20.5 billion, making up about 60% of the projected demand<sup>3</sup>.

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<sup>2</sup> *MTI Downgrades 2020 GDP Growth Forecast to “-0.5 to 1.5 Per Cent” – Ministry of Trade and Industry Singapore, 17 February 2020*

<sup>3</sup> *Singapore’s construction demand for 2020 expected to remain strong – Building and Construction Authority, 8 January 2020*

Over the medium term, BCA expects the construction demand to hold steady, with a projection of between \$27.0 billion and \$34.0 billion per year for 2021 and 2022, and between \$28.0 billion and \$35.0 billion per year for 2023 to 2024.

Looking ahead, Mr Or added, “OKP holds firm to our fundamentals and sound business model. As a forward-thinking and highly adaptable company, we will look to continually broaden our skillsets and expertise in our core competencies of infrastructure transport and civil engineering. In addition to enhancing our expertise through advanced technologies, we will also build-up our existing talent pool through continual training programmes. At the same time, we continue to place top priority for workplace safety and hygiene, and will uphold such practices to the highest standards.

“Heading into a new decade, as we execute our strategy, we will look to widen our presence in more industry sectors and diversify our earnings through property development and other investments, for continuous business growth.”

To expand its portfolio of investment properties, the Group has acquired a freehold property located at 32 Tagore Lane for investment purposes. The property comprises a 2-storey corner light industrial terrace factory and occupies a lot area of approximately 601 square metres.

As for the private residential property segment, data from the Urban Redevelopment Authority showed a 0.5% increase in the private residential property index in 4Q2019, compared to the 1.3% increase in 3Q2019<sup>4</sup>.

On the property development front, the Group’s joint venture residential project, The Essence, was launched in March 2019, and the Group will continue to actively market this development.

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<sup>4</sup> Release of 4th Quarter 2019 real estate statistics – Urban Redevelopment Authority, 23 January 2020

The Group's 74-unit residential project in Bukit Panjang, Phoenix Heights, is also well on track to launch 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.

The Group's investment property at 6-8 Bennett Street in Perth, Australia continues to provide a source of recurring rental income. As at 31 December 2019, the property has an occupancy of 100%.

In line with the Group's long-term strategy to diversify its earnings and build a recurring income stream, the Group will continue to explore business opportunities, both locally and abroad, to widen its foothold in property development and investment, through strategic tie-ups with experienced partners.

#### **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 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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