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For Immediate Release

OKP HOLDINGS LIMITED REPORTS REVENUE OF S\$59.3 MILLION AND NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$1.4 MILLION IN 9M2019

- *To stay resilient by enhancing capabilities, focusing on advanced technologies, and building-up of existing talent pool*
- *Healthy order book of S\$285.3 million¹, with projects extending till 2023*
- *Continues to look for opportunities to diversify earnings locally and abroad, and build a strong recurring income base*
- *Strong balance sheet, with free cash and cash equivalents of S\$58.0 million*

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' Million	3Q2019	3Q2018	▲/▼ (%)	9M2019	9M2018	▲/▼ (%)
Revenue	20.7	21.7	▼4.5	59.3	72.1	▼17.8
Gross Profit	3.1	3.4	▼8.6	9.1	10.9	▼16.4
GP Margins	15.1%	15.8%	▼0.7ppt	15.3%	15.1%	▼0.2ppt
Net profit attributable to equity holders	0.03	0.8	▼95.8	1.4	3.8	▼63.3
EPS – Basic (cents)	0.01	0.26	▼96.2	0.45	1.22	▼63.1
As at 30 September 2019:						
Net Tangible Assets: S\$120.5 million, NTA Per Share: 39.07 cents						

¹ As at 30 September 2019

Singapore, 4 November 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 net profit attributable to equity holders of S\$1.4 million for the nine months ended 30 September 2019 (“9M2019”) as compared to S\$3.8 million over the corresponding period in the previous year (“9M2018”), a decline of 63.3%. This was on the back of a lower revenue of S\$59.3 million, as compared to S\$72.1 million over the same period, a dip of 17.8%, with lower contributions from the maintenance segment.

Group Managing Director, Mr Or Toh Wat (胡土发), said, “To stay resilient, we will be firmly dedicated to add new capabilities, enhance business partnerships and seek fresh and strategic collaborations. In addition to our focus on advanced technologies, we will also build-up our existing talent pool through continual training programmes. We remain grounded on our solid foundation that has kept us resolute through the years, and will further boost our competencies to stay ahead of competition.”

REVIEW OF PERFORMANCE

GROUP'S REVENUE HIGHLIGHTS						
	9M2019		9M2018		▲/▼	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	%
Construction	35.4	59.8	34.9	48.4	▲0.6	▲1.6
Maintenance	19.6	33.1	34.5	47.9	▼14.9	▼43.2
Rental Income	4.2	7.1	2.7	3.7	▲1.5	▲57.2
Total Revenue	59.3	100.0	72.1	100.0	▼12.8	▼17.8

The overall decrease in the Group's revenue in 9M2019 was largely due to a 43.2% decrease in maintenance segment revenue, partially offset by a 1.6% increase in construction segment revenue and a 57.2% increase in rental income.

The increase in construction segment revenue to S\$35.4 million 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 59.8% of the Group's 9M2019 revenue, significantly higher than the 48.4% contribution to revenue in 9M2018.

The decrease in maintenance segment revenue to S\$19.6 million was largely due to a lower percentage of revenue recognised from a few newly-awarded maintenance projects during 9M2019. Overall, the maintenance segment contributed 33.1% to the Group's total revenue in 9M2019.

The Group's rental income continues to see good potential, surging 57.2% or S\$1.5 million to S\$4.2 million in 9M2019 as compared to 9M2018. Overall, the Group's rental income contributed 7.1% to the Group's total revenue, up from 3.7% in the previous corresponding period.

Gross profit dipped 16.4% to S\$9.1 million in 9M2019 from S\$10.9 million in 9M2018 whilst gross profit margin held steady at a healthy level of 15.3%.

Mainly in line with lower revenue, gross profit and higher share of loss of associated companies and joint ventures, net profit attributable to equity holders stood at S\$1.4 million for 9M2019 as compared to S\$3.8 million for 9M2018.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$120.5 million while NTA per share was 39.07 Singapore cents as at 30 September 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\$58.0 million as at 30 September 2019, compared to S\$73.5 million a year ago.

Net cash used in operating activities in 9M2019 was S\$2.2 million, a decrease of S\$6.1 million from net cash generated from operating activities in 9M2018. The decline was mainly due to lower net working capital outflow of S\$6.8 million, partially offset by a decrease in income tax paid of S\$0.7 million.

In 9M2019, net cash used in investing activities decreased by S\$37.8 million to S\$2.5 million mainly due to a repayment of loans by associated company and joint venture of S\$12.3 million in 9M2018. This was partially offset by the purchase of new investment property of S\$46.3 million and investment in an associated company in 9M2018, and a decrease of S\$3.4 million in cash in total for the purchase of property, plant and equipment and advances extended to associated companies in 9M2019.

Net cash of S\$6.4 million was used in financing activities in 9M2019, 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\$0.8 million and the repayment of borrowings of S\$1.2 million.

Earnings per share (basic) for 9M2019 decreased by 63.1% to 0.45 Singapore cents, from 1.22 Singapore cents in 9M2018.

Based on OKP's closing share price of S\$0.20 as at 4 November 2019, the Group's market capitalisation is S\$61.7 million.

Outlook

Advance estimates from the Ministry of Trade and Industry (“MTI”) showed that Singapore’s economy grew by 0.1% on a year-on-year (“y-o-y”) basis in 3Q2019, maintaining the same pace of growth in the previous quarter². Looking ahead, the MTI has lowered Singapore’s full-year growth to between 0% to 1%, from 1.5% to 2.5% in its previous forecast³. This comes on the back of global financial uncertainties given Singapore’s sensitivity to global trade flows, including the US-China trade war, an economic slowdown in China and geopolitical risks in Hong Kong and the Persian Gulf.

The construction sector grew by 2.7% on a y-o-y basis in 3Q2019, extending the 2.8% expansion in the previous quarter. Growth of the construction sector was supported by a pickup in both public and private sector construction activities.

According to the Building and Construction Authority (“BCA”), the forecast construction demand for 2019 remains at between S\$27.0 billion to S\$32.0 billion, out of which S\$12.0 billion, or 54.3%, was made up of public sector projects⁴. As for the private sector, construction demand is expected to remain steady at between S\$11.0 billion and S\$13.0 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.

Over the medium term, BCA expects the construction demand to steadily improve, with a projection of between S\$27.0 billion and S\$34.0 billion per year for the period of 2020 to 2021 and could pick up to between S\$28.0 billion and S\$35.0 billion annually for the period of 2022 to 2023⁴.

² *Singapore’s GDP Grew by 0.1 Per Cent in the Third Quarter of 2019 – Ministry of Trade and Industry Singapore, 14 October 2019*

³ *MTI Expects GDP Growth to be “0.0 to 1.0 Per Cent” in 2019 – Ministry of Trade and Industry Singapore, 13 August*

⁴ *Forecast And Actual Construction Demand (To Date) – Building and Construction Authority, August 2019*

Looking ahead, Mr Or added, “To tap on the healthy operating environment for the construction sector, we will continue to focus on tendering for public sector infrastructure projects. Supported by our healthy order book of S\$285.3 million, providing clear earnings visibility extending to 2023, we remain fully committed to the smooth execution and delivery of all our existing projects.”

As for the private residential segment, latest real estate statistics from the Urban Redevelopment Authority (“URA”) showed a 1.3% increase in the private residential property index in 3Q2019, compared to the 1.5% increase in 2Q2019⁶.

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 Group’s 74-unit residential project Phoenix Heights in Bukit Panjang 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.

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.

⁶ Release of 3rd Quarter 2019 real estate statistics – Urban Redevelopment Authority, 25 October 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 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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