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**For Immediate Release**

**OKP HOLDINGS LIMITED REPORTS NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$6.5 MILLION IN FY2018**

- ***Group revenue of S\$90.4 million with higher contributions from maintenance segment and rental income***
- ***Diversified earnings and increased recurring revenue stream:***
  - o ***To launch 84-unit development – The Essence – along Chong Kuo Road in March 2019***
  - o ***Phoenix Heights residential project in Bukit Panjang received approval for development into 79-unit condominium; granted fresh 99-year lease***
  - o ***Increased rental income contributions mainly from investment property in Perth, Australia***
- ***Net construction order book of S\$265.8 million provides clear revenue visibility till 2023***
- ***Proposes total dividends of 1.0 Singapore cent per share, comprising a final dividend of 0.7 Singapore cent per share and a special dividend of 0.3 Singapore cent per share***
- ***Continues to look for opportunities to diversify earnings and increase recurring income both locally and abroad***

<b>GROUP'S FINANCIAL HIGHLIGHTS</b>						
<b>S\$' million</b>	<b>4Q2018</b>	<b>4Q2017</b>	<b>▲/▼</b>	<b>FY2018</b>	<b>FY2017</b>	<b>▲/▼</b>
<b>Revenue</b>	18.4	26.2	▼29.9%	90.4	117.5	▼23.0%
<b>Gross Profit ("GP")</b>	6.5	5.2	▲26.7%	17.4	21.9	▼20.3%
<b>GP Margins</b>	35.5%	19.6%	▲15.9ppt	19.2%	18.6%	▲0.6ppt
<b>Net profit attributable to equity holders</b>	2.7	2.0	▲38.6%	6.5	12.7	▼49.0%
<b>EPS – Basic (cents)</b>	0.88	0.64	▲37.5%	2.10	4.12	▼49.0%
As at 31 December 2018: <b>Net Tangible Assets: S\$121.8 million, NTA Per Share: 39.49 cents</b>						

**Singapore, 27 February 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 announced a net profit attributable to equity holders of S\$6.5 million, on a revenue of S\$90.4 million for the full year ended 31 December 2018 ("FY2018"), as compared to S\$12.7 million and S\$117.5 million respectively in the previous year ("FY2017").

The lower FY2018 revenue was due mainly to a decrease in revenue contribution from the Group's construction segment. However, this decrease was partially offset by an increase in revenue from the maintenance segment to S\$40.4 million, with a few major maintenance projects which were in full swing. In addition, there was 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 gross profit (“GP”), together with increased other losses of S\$2.3 million as well as a S\$2.6 million decrease in contribution from the share of profit of associated companies and joint ventures, had an impact on the Group’s FY2018 bottom-line. Other losses rose due to a S\$1.7 million increase in fair value loss from the revaluation of some investment properties as well as higher foreign exchange losses of S\$0.6 million. The lower share of profit of joint ventures was 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 only a few remaining units of the development which were handed over during FY2018.

On the other hand, other income increased by S\$1.1 million or 110.2% to S\$2.1 million in FY2018 largely due to an increase in government grants of S\$0.3 million, repayment of contributed capital from a joint venture of S\$0.5 million, a gain on disposal of property, plant and equipment of S\$0.1 million and an increase in interest income of S\$0.2 million due to higher interest earned from bank deposits.

Correspondingly, earnings per share (basic) for FY2018 declined by 49.0% to 2.10 Singapore cents, from 4.12 Singapore cents achieved in FY2017.

For the fourth quarter ended 31 December 2018 (“4Q2018”), the Group reported a 38.5% increase in net profit attributable to equity holders to S\$2.7 million, notwithstanding a 29.9% decline in revenue to S\$18.4 million, in comparison to S\$2.0 million and S\$26.2 million respectively, in the fourth quarter ended 31 December 2017 (“4Q2017”). GP was up 26.7% to S\$6.5 million in 4Q2018 from S\$5.2 million in 4Q2017. Gross profit margin rose by 15.9 percentage points to 35.5% from 19.6% over the same period, with the completion of a few projects which had commanded better gross profit margin during 4Q2018.

**Group Managing Director, Mr Or Toh Wat** (胡士发), said, “We remain focused on diversifying our earnings base and building recurring income streams both locally and overseas.”

“In Singapore, we are on track with visible progress of our two residential developments at Chong Kuo Road and Phoenix Heights. We will be launching The Essence, a 84-unit condominium along Chong Kuo Road, in March 2019. This development is ideally located near the new Springleaf MRT station and is within the government’s designated rejuvenated region. The Essence is also strategically nestled in a private residential enclave, with four major water bodies surrounding its perimeter, park connectors and green corridors. Well-designed with attractive price points, we believe that the development will be attractive to homebuyers.” ***(Please see Appendix A for photos)***

“We are also pleased that our 79-unit residential project at Phoenix Heights in Bukit Panjang has received the necessary regulatory approvals including the grant of a fresh 99-year lease. We will be focused on the smooth execution of the launch of these two developments.”

Added Mr Or, “Our first overseas property at 6-8 Bennett Street in Perth has contributed significant rental income for the fourth quarter of FY2018 and we expect to see continuing contribution of this asset to our income. We will prudently look for opportunities to strengthen our property development and investment portfolio in Singapore and regionally.”

## Review of Performance

<b>GROUP'S REVENUE HIGHLIGHTS</b>						
	<b>FY2018</b>		<b>FY2017</b>		<b>Increase/(decrease)</b>	
	<b>S\$' Million</b>	<b>% of Total</b>	<b>S\$' Million</b>	<b>% of Total</b>	<b>S\$' Million</b>	<b>% Change</b>
<b>Construction</b>	46.0	50.9	78.5	66.7	(32.5)	(41.3)
<b>Maintenance</b>	40.4	44.6	38.8	33.1	1.6	3.9
<b>Rental Income</b>	4.0	4.5	0.2	0.2	3.8	1,609.7
<b>Total Revenue</b>	90.4	100.0	117.5	100.0	(27.1)	(23.0)

The overall decrease in the Group's revenue in FY2018 was due mainly to its construction segment recording a 41.3% decline in revenue to S\$46.1 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 the construction project at the Pan-Island Expressway exit to Tampines Expressway following the mutual termination of the project.

The decrease in revenue was partially offset by a 3.9% increase in revenue from the maintenance segment to S\$40.4 million in FY2018 that was due mainly to a higher percentage of revenue recognised from a few major maintenance projects which were in full swing in FY2018. The Group also recorded a substantial increase in rental income mainly from the office property at 6-8 Bennett Street, East Perth, Western Australia, which was acquired in April last year based on the current occupancy rate of approximately 68.0%.

The Group's FY2018 GP decreased by S\$4.5 million whilst GP margin increased marginally to 19.2% from 18.6% in FY2017, largely attributable to the completion of a few maintenance projects which had commanded better gross profit.

OKP's net construction order book amounted to S\$265.8 million as at 31 December 2018, with projects extending till 2023.

### **Balance Sheet Highlights**

The Group continued to maintain a strong balance sheet, with net tangible assets ("NTA") of S\$121.8 million while NTA per share was 39.49 Singapore cents as at 31 December 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\$69.2 million as at 31 December 2018, compared to S\$81.6 million as at 31 December 2017.

Net cash used in operating activities during FY2018 was S\$2.5 million, as compared to net cash of S\$17.5 million generated from operations in FY2017. The decrease was due mainly to a decrease in cash generated from operating activities before working capital changes of S\$2.7 million and a rise in net working capital outflow of S\$17.5 million, partially offset by an increase in interest received of S\$0.2 million during FY2018.

During FY2018, the Group's net cash used in investing activities of S\$36.9 million included the acquisition of the investment property at 6-8 Bennett Street, East Perth, Western Australia, for S\$46.3 million, the purchase of new property, plant and equipment of S\$1.5 million, a total of S\$4.3 million for the investment and advance of S\$3.8 million to Chong Kuo Development Pte Ltd for the purchase of land parcel, construction costs and working capital needs, and another advance of S\$1.7 million extended to USB Holdings Pte Ltd, for the purchase of the property at Phoenix Heights.

This was partially offset by a loan repayment of S\$8.5 million by an associated company, CS Amber Development Pte Ltd, proceeds received from the disposal of property, plant and equipment of S\$0.2 million, loan repayment of S\$3.9 million by the Group's 10%-owned joint venture, Lakehomes Pte Ltd, and dividends of S\$0.3 million and S\$0.4 million received from 50%-owned joint venture, Forte Builder Pte Ltd and 10%-owned joint venture, Lakehomes Pte Ltd.

Net cash of S\$27.1 million was generated from financing activities in FY2018, mainly due to the proceeds from bank borrowing of S\$26.3 million and an advance of S\$10.3 million from a minority shareholder for the purchase of the Australian property and working capital needs.

Based on OKP's closing share price of S\$0.196 as at 27 February 2019, the Group's market capitalisation is S\$60.5 million.

## **Outlook**

Advance estimates from the Ministry of Trade and Industry ("MTI") showed that the Singapore economy grew by 1.9% on a year-on-year ("y-o-y") basis in the fourth quarter of 2018 ("4Q2018"), easing slightly from the 2.4% growth in the preceding quarter. Overall, the economy grew by 3.2% in 2018.<sup>1</sup>

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<sup>1</sup> *MTI Maintains 2019 GDP Growth Forecast at "1.5 to 3.5 Per Cent", Ministry of Trade and Industry Singapore, 15 February 2019*

The construction sector contracted by 1.0% y-o-y, a more gradual decline compared to the 2.3% contraction in the previous quarter, mainly due to weakness in the public sector construction demand.<sup>2</sup> In 2019, the Building and Construction Authority (“BCA”) projects the total construction demand to remain steady, ranging between S\$27.0 billion and S\$32.0 billion, comparable to the S\$30.5 billion of construction contracts awarded in 2018,<sup>3</sup> largely attributable to the sustained public sector demand. 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 2023<sup>4</sup>.

In the residential development segment, the market saw an increase in private home prices by 7.9% for the whole of 2018, compared with the 1.1% increase in 2017, according to Urban Redevelopment Authority’s (“URA”) 4<sup>th</sup> Quarter 2018 real estate statistics. Growth for the property segment had slowed down moderately after the property market cooling measures in July 2018, as private home prices decreased by 0.1% in 4Q2018, as compared to the 0.5% increase in the previous quarter.<sup>5</sup>

Moving ahead, Mr Or said, “We will continue to place a strong emphasis on higher margin maintenance projects whilst at the same time improving the productivity and efficiency for our core construction business segment to better manage the industry headwinds.”

“The Group remains supported by a pipeline of projects and we will leverage on our solid track record by strengthening our civil engineering expertise. At the same time, we will continue to seek suitable opportunities to diversify our earnings beyond construction, both within Singapore and overseas.”

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<sup>2</sup> *MTI Maintains 2019 GDP Growth Forecast at “1.5 to 3.5 Per Cent”, Ministry of Trade and Industry Singapore, 15 February 2019*

<sup>3</sup> *Singapore’s total construction demand to remain strong this year, Building and Construction Authority, 14 January 2019*

<sup>4</sup> *Forecast and Actual Construction Demand (to-date), Building and Construction Authority, January 2019*

<sup>5</sup> *Release of 4th Quarter 2018 real estate statistics, Urban Redevelopment Authority, 25 January 2019*



## **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, primarily in Singapore. For rental income, the Group holds a 51% interest in a freehold office complex in Australia which provided a recurrent income stream.

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, The Essence, a 99-year leasehold residential development in Chong Kuo Road, and a proposed 99-year leasehold residential development at Phoenix Heights. OKP also holds a 51% interest in a freehold office complex, 6-8 Bennett Street, in Perth, Australia, which provides recurrent rental income 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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## APPENDIX (A)



***The Essence, a 84-unit condominium located along Chong Kuo Road, slated for launch in March 2019. This development is ideally located near the new Springleaf MRT station and is within the government's designated rejuvenated region***



***Themed “Life in Rhythm”, The Essence is strategically nestled in a private residential enclave, with four major water bodies surrounding its perimeter, park connectors and green corridors***