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For Immediate Release

OKP HOLDINGS LIMITED REPORTS NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF S\$12.7 MILLION IN FY2017

- *Group revenue rose by 5.6% to S\$117.3 million due to higher contribution from maintenance segment*
- *Proposing total dividends of 2.0 Singapore cents per share, comprising a final dividend of 0.7 Singapore cent per share and a special dividend of 1.3 Singapore cent per share*
- *Balance sheet remains robust, with free cash and cash equivalents increasing to S\$81.5 million*
- *Net order book of S\$268.0 million provides clear revenue visibility till 2021*
- *Diversifies earnings and builds recurrent income base with acquisition of first overseas property, a freehold modern office complex, in Perth, Australia*

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	4Q2017	4Q2016	▲/▼	FY2017	FY2016	▲/▼
Revenue	26.1	34.4	▼24.1%	117.3	111.1	▲5.6%
Gross Profit	5.1	10.8	▼52.8%	21.7	21.9	▼1.0%
GP Margins (%)	19.5	31.3	▼11.8 ppt	18.5	19.7	▼1.2 ppt
Profit After Tax	2.0	8.0	▼75.4%	12.7	14.3	▼11.3%
EPS – Basic (cents)	0.64	2.60	▼75.4%	4.12	4.65	▼11.4%
As at 31 December 2017:						
Net Tangible Assets: S\$120.8 million, NTA Per Share: 39.16 cents						

Singapore, 12 February 2018 – 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\$12.7 million, while revenue rose by 5.6% to S\$117.3 million for the full year ended 31 December 2017 (“FY2017”).

The higher Group revenue was largely due to an increase in revenue contribution from the Group’s maintenance segment. However, the 7.2% increase in cost of works resulted in a marginal decrease in gross profit to S\$21.7 million, from S\$21.9 million in FY2016.

The lower gross profit was partially offset by the 7.5% decrease in administrative expenses to S\$10.0 million. However, the Group recorded a 64.3% decline in other income, coupled with a 16.8% decrease in contribution from share of results of associated companies and joint ventures to S\$2.5 million, bringing the net profit attributable to equity holders from S\$14.3 million in FY2016 to S\$12.7 million.

Correspondingly, earnings per share (basic) for FY2017 declined by 11.4% to 4.12 Singapore cents, from 4.65 Singapore cents achieved in FY2016.

In appreciation of shareholders’ continued support for the Group, the Board of Directors has proposed a final dividend of 0.7 Singapore cent per share and a special dividend of Singapore 1.3 cents per share for shareholders’ approval at the Annual General Meeting to be held on 26 April 2018. Based on OKP’s closing share price of 32.0 Singapore cents, the total dividends of 2.0 Singapore cents per share represent a dividend yield of 6.3% and a dividend payout ratio of 48.5% for FY2017.

Review of Performance

GROUP'S REVENUE HIGHLIGHTS						
	FY2017		FY2016		Increase/(decrease)	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	% Change
Construction	78.5	66.9	90.5	81.5	(12.0)	(13.3)
Maintenance	38.8	33.1	20.6	18.5	18.2	88.5
Total Revenue	117.3	100.0	111.1	100.0	6.2	5.6

The overall increase in the Group's FY2017 revenue was due mainly to its maintenance segment recording an 88.5% rise in revenue to S\$38.8 million. This was attributable to the higher percentage of revenue recognised from a number of both existing and newly-awarded maintenance projects which progressed to a more active phase. However, the Group's construction segment recorded a 13.3% decrease in revenue to S\$78.5 million, which was due largely to lower contribution from a few construction projects which were reaching completion, coupled with reduced revenue from a construction project at the Pan-Island Expressway exit to Tampines Expressway.

The Group's gross profit decreased marginally to S\$21.7 million whilst gross profit margin declined correspondingly by 1.2 percentage points to 18.5%, largely attributable to lower profit margins for new and some current maintenance projects as a result of keener competition and rising manpower costs.

OKP's net order book amounted to S\$268.0 million as at the date of this announcement, with projects extending till 2021.

Group Managing Director, Mr Or Toh Wat (胡士发), said, “Our results underscore the Group’s commitment and focus on delivering existing projects despite the difficult operating environment. Rising costs and keen competition will continue to impact margins and earnings. While we have taken steps to improve our processes and tighten costs, we have also made a strategic move to diversify our earnings and build a recurrent income base.

“On 7 February 2018, we jointly acquired our first overseas property, a freehold modern office complex, 6-8 Bennett Street, in Perth, Australia for AUD43.5 million. Located 900 metres west of the Central Business District of Perth, we expect the property to contribute to the Group’s earnings in the current financial year.”

“In Singapore, we have, together with our partner, Lian Soon Holdings Pte Ltd won the bid to acquire the land parcel at Chong Kuo Road for S\$43.9 million. We intend to develop this 99-year leasehold land into a residential condominium of about 85 units, subject to approval from relevant authorities.”

Balance Sheet Highlights

The Group continued to maintain a strong balance sheet, with net tangible assets (“NTA”) increasing by 7.2% to S\$120.8 million while NTA per share was 39.16 Singapore cents as at 31 December 2017, compared to 36.54 Singapore cents as at 31 December 2016.

OKP’s free cash and cash equivalents increased by S\$11.4 million to S\$81.5 million as at 31 December 2017, from S\$70.1 million as at 31 December 2016.

Net cash generated from operating activities during FY2017 was S\$17.5 million, as compared to net cash generated from operating activities of S\$28.3 million in FY2016. The decrease was largely due to a decline in cash generated from operating activities before working capital changes of S\$1.2 million as well as a fall in net working capital inflow of S\$8.2 million and a rise in income tax paid of S\$1.5 million.

The Group's net cash used in investing activities of S\$0.1 million in FY2017 was largely due to the purchase of new property, plant and equipment and intangible assets as well as an investment property at 7 Woodlands Industrial Park E2 for a total of S\$5.1 million, partially offset by the repayment of a S\$2.0 million loan by joint venture, Lakehomes Pte Ltd, the proceeds received from the disposal of financial asset, available-for-sale of S\$1.0 million and the dividends of S\$2.0 million received from joint venture, Forte Builder Pte Ltd.

In FY2017, OKP used net cash of S\$5.9 million in financing activities, which mainly related to the dividend payment of S\$4.6 million to shareholders, repayment of finance lease liabilities of S\$1.2 million and payment of finance expenses of S\$0.1 million.

Based on OKP's closing share price of S\$0.32 as at 12 February 2018, the Group's market capitalisation is S\$98.7 million.

Outlook

According to the Ministry of Trade and Industry (“MTI”) advance estimates, Singapore’s economy expanded by 3.1% on a year-on-year (“y-o-y”) basis in the fourth quarter of 2017, which is lower than the 5.4% growth in the previous quarter¹. For 2017, the economy grew by 3.5%, which is in line with earlier forecasts of 3.0% to 3.5%¹.

During the year, the construction sector contracted by 8.5% in the fourth quarter on a y-o-y basis, following the 7.7% decline in the third quarter¹. The sector was weighed down primarily by continued weakness in private sector construction activities¹. On a quarter-on-quarter seasonally adjusted annualised basis, the sector contracted by 3.6%, easing from the 5.5% contraction in the preceding quarter¹.

BCA projected the total value of construction contracts to be awarded this year to reach between \$26.0 billion and \$31.0 billion, with 60% of the projects coming from the public sector, amounting to between \$16.0 billion and \$19.0 billion². These public projects will include additional major contracts for infrastructure projects like the North-South Corridor, Deep Tunnel Sewerage System Phase 2 as well as rolling out of the remaining package for Runway 3 by Changi Airport Group².

Under the private residential property segment, Urban Redevelopment Authority’s (“URA”) 4Q 2017 flash estimates reflected an increase of 0.8% in private residential property prices, which is similar to the 0.7% increment in 3Q 2017³. For the whole of 2017, prices rose by 1.1% compared to the 3.1% decline in the previous year³.

¹ *Singapore’s GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017, Ministry of Trade and Industry Singapore, 2 January 2018*

² *Public sector construction demand is expected to strengthen this year – Building and Construction Authority, 11 January 2018*

³ *Release of 4th Quarter 2017 real estate statistics – Urban Redevelopment Authority, 26 January 2018*

In view of a stronger economic outlook and improved sentiments in the private property market, BCA projected that construction demand from the private sector will improve from \$9.0 billion in 2017 to between \$10.0 billion and \$12.0 billion this year⁴.

Looking ahead at industry prospects, Mr Or added, “We expect the operating environment to remain challenging. Nevertheless, the Group remains cautiously optimistic in view of the construction project pipeline.

“On the property development and investment front, the Group will step up its efforts to market the remaining units of the 10%-owned Amber Skye, a 109-unit freehold development, after having sold about 75% of the units. Moving forward, we will continue to strengthen our core civil engineering business and deliver existing projects. We will also seek suitable opportunities to broaden our foothold in property, both locally and abroad, through strategic tie-ups with experienced partners.

“Meanwhile, the Group will continue to work closely with authorities on the on-going investigations relating to the worksite incident at the Pan-Island Expressway exit to Tampines Expressway.”

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.

⁴ *Public sector construction demand is expected to strengthen this year – Building and Construction Authority, 11 January 2018*

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.

Since 2012, OKP has ventured into property development and investment through minority stakes in Amber Skye, a freehold residential development, and LakeLife, an executive condominium in Jurong.

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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