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For Immediate Release

OKP HOLDINGS LIMITED REPORTS REVENUE OF S\$32.2 MILLION AND NET PROFIT OF S\$1.6 MILLION IN 1H2020

- ***Healthy order book of S\$288.4 million¹, with visibility extending to 2023***
- ***Strong balance sheet, with free cash and cash equivalents of S\$74.3 million***
- ***One-off gains from reversal of impairment allowance for the disposal of CS Amber Development and government support measures***
- ***Diversified portfolio provides financial resilience***

GROUP'S FINANCIAL HIGHLIGHTS			
S\$' Million	1H2020	1H2019	▲/▼ (%)
Revenue	32.2	38.5	▼16.5
Gross Profit	3.8	6.0	▼36.5
GP Margins	11.7%	15.4%	▼3.7ppt
Net profit attributable to equity holders	1.6	1.3	▲19.6
Earnings per share – Basic (cents)	0.52	0.44	▲18.2
As at 30 June 2020:			
Net Tangible Assets: S\$119.1 million, NTA Per Share: 38.80 cents			

¹ As at 30 June 2020.

Singapore, 12 August 2020 – 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 revenue of S\$32.2 million for the six months ended 30 June 2020 (“1H2020”) as compared to S\$38.5 million over the corresponding period in the previous year (“1H2019”), a decline of 16.5%, with lower contributions from the construction and maintenance segments. A net profit attributable to equity holders of S\$1.6 million was reported for 1H2020, from S\$1.3 million in 1H2019.

Group Managing Director, Mr Or Toh Wat (胡土发), said, “We are facing an unprecedented crisis brought about by the global pandemic. During this time, we have adopted a pro-active approach by working on improving our operational capabilities, and continued to perform safety and environment maintenance. For continued business resilience, it is important that we maintain a diversified strategy for both our core infrastructure and civil engineering businesses, as well as property development and investment in Singapore and overseas. Apart from a focus on the smooth execution of our healthy order book of S\$288.4 million, providing visibility to 2023, we are also focused on growing our recurring income stream, namely, through our property investment and maintenance divisions.”

Review of Performance

GROUP’S REVENUE HIGHLIGHTS						
	1H2020		1H2019		▲/▼	
	S\$’ Million	% of Total	S\$’ Million	% of Total	S\$’ Million	%
Construction	22.4	69.5	24.4	63.3	▼2.0	▼8.3
Maintenance	6.9	21.4	11.4	29.6	▼4.5	▼39.6
Rental Income	2.9	9.1	2.7	7.1	▲0.2	▲6.9
Total Revenue	32.2	100.0	38.5	100.0	▼6.3	▼16.5

The overall decrease in the Group's revenue in 1H2020 was largely due to an 8.3% and a 39.6% decrease in revenue from the construction and maintenance segments, respectively. The decreases were partially offset by a 6.9% increase in rental income.

The decrease in construction segment revenue to S\$22.4 million was largely due to the Circuit Breaker measures implemented by the Singapore government in response to the COVID-19 pandemic. The preventive measures resulted in the temporary stoppage of work for the Group's existing construction projects, resulting in lower revenue recognition during the period due to lower percentage of completion.

Likewise, the decrease in maintenance segment revenue to S\$6.9 million was largely due to a lower percentage of revenue recognised from ongoing maintenance projects as a result of the temporary stoppage of work.

The Group's rental income continues to see good potential, improving 6.9% or S\$0.2 million to S\$2.9 million in 1H2020 as compared to S\$2.7 million in 1H2019. Overall, the Group's rental income contributed 9.1% to the Group's total revenue in 1H2020, up from 7.1% in the previous corresponding period.

Gross profit dipped 36.5% to S\$3.8 million in 1H2020 from S\$6.0 million in 1H2019 whilst gross profit margin declined 3.7 percentage points to 11.7% mainly due to the temporary cessation of construction activities in compliance with the government's measures. However, the Group continues to perform housekeeping, safety and environmental maintenance works at its project sites. Overall, the negative impact from COVID-19 on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during 1H2020.

Other gains, on the other hand, increased by S\$3.6 million to S\$4.8 million in 1H2020 from S\$1.2 million for 1H2019 mainly due to support measures from the government for built environment firms affected by COVID-19. In addition, there was a one-off reversal of impairment allowance of S\$1.2 million following the completion of the disposal of CS Amber Development Pte Ltd, and a S\$0.4 million gain on foreign exchange largely due to the appreciation of the Australian dollar against the Singapore dollar.

Mainly in line with lower revenue and gross profit, offset by higher other gains, net profit attributable to equity holders stood at S\$1.6 million for 1H2020 as compared to a net profit attributable to equity holders of S\$1.3 million for 1H2019.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$119.1 million while NTA per share was 38.80 Singapore cents as at 30 June 2020. As at 31 December 2019, the Group's NTA and NTA per share were S\$119.4 million and 38.71 Singapore cents respectively.

OKP's free cash and cash equivalents stood at S\$74.3 million as at 30 June 2020, compared to S\$60.4 million a year ago.

Earnings per share (basic) for 1H2020 stood at 0.52 Singapore cents, as compared to earnings per share of 0.44 Singapore cents in 1H2019.

Based on OKP's closing share price of S\$0.17 as at 12 August 2020, the Group's market capitalisation is S\$52.2 million.

Impact from COVID-19

As a result of the COVID-19 pandemic in Singapore, the construction sector is one of the worst impacted sectors. Supply chains across the world have been disrupted due to measures implemented by the authorities to fight the virus. This has resulted in a shortage of construction materials, which will in turn cause a delay in the completion of construction projects. In addition, foreign worker dormitories in Singapore were significantly affected by COVID-19, leading to a shortage of manpower. The Singapore government has also implemented tighter restrictions, which further impacts the availability of manpower.

As a result, the Group's construction progress and the Group's financial results are expected to be adversely affected. While Singapore has entered Phase 2 of re-opening and construction work has started to resume progressively, manpower constraints and shortage of raw materials remain. This has resulted in many construction sites being unable to resume work despite the progressive re-opening.

In response to the crisis, the Singapore government has introduced various support measures to alleviate the impact of COVID-19. Where applicable, the Group has tapped on the support schemes to ease the impact from COVID-19.

As at the date hereof, the Group has complied with the Safe Management Measures required by the Ministry of Manpower and Building and Construction Authority ("**BCA**") and obtained the relevant approvals to resume work. All of the Group's project sites have resumed activities, with approximately 90% of the Group's workers permitted to work.

Going forward, the full extent of the impact is largely dependent on the trajectory of the pandemic and its recovery, bearing in mind the uncertainty surrounding the likelihood of a second wave.

Added Mr Or, “The Group remains focused on the resumption of business activities and will turn all efforts towards ensuring the availability of manpower and resources amidst a safe environment. To tide through this crisis, the Group has taken a conservative approach, with a primary focus on preserving cash by reducing operating expenses where applicable, and deferring all non-essential capital expenditures. At the same time, the Group will keep a look out for opportunities and adopt a more stringent evaluation process.”

Outlook

The Ministry of Trade and Industry (“**MTI**”) announced that Singapore’s economy contracted by 13.2% on a year-on-year basis in 2Q2020, mainly due to the Circuit Breaker measures introduced to slow the spread of COVID-19. Taking into account the significant deterioration in the external economic environment, the deterioration in the external demand outlook for Singapore as well as the expected economic impact of the Circuit Breaker measures, the MTI has further downgraded its gross domestic product (“**GDP**”) growth forecast for the Singapore economy to -7.0% to -5.0% in August 2020², from -7.0% to -4.0% in May 2020³.

The construction sector contracted by 54.7% year-on-year, a significant decrease from the 1.1% decline in the previous quarter. The performance of the sector was weighed down by the stoppage of most construction activities during the Circuit Breaker period, as well as manpower disruptions arising from additional measures to curb the spread of COVID-19, including movement restrictions at foreign worker dormitories.

² Ministry of Trade and Industry, 11 August 2020 – MTI Narrows 2020 GDP Growth Forecast to “-7.0 to -5.0 Per Cent

³ Ministry of Trade and Industry Singapore, 26 May 2020

After the Circuit Breaker period ended on 1 June 2020, the BCA has allowed construction works to resume in a controlled manner in phases, with priority given to projects that cannot be left idle for too long due to safety concerns, and critical and time-sensitive projects, such as MRT and Deep Tunnel Sewerage System (“DTSS”) tunneling projects⁴.

According to real estate statistics from the Urban Redevelopment Authority, prices of private residential properties increased by 0.3% in 2Q2020, compared with the 1.0% decrease in the previous quarter. The number of private new homes sold in Singapore in 2Q2020 fell 20.3% to 1,713 units from 2,149 units in the previous quarter. Overall, total sales volume fell by 37.6% in 2Q2020 to 2,664 units, marking the third consecutive quarterly decline since third quarter 2019 when 5,763 units were sold⁵.

On the property development front, the Group’s joint venture residential project, The Essence, which was launched in March 2019, has achieved encouraging sales of 70%. Despite the Circuit Breaker measures, the Group has continued to actively market this development through virtual channels.

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 expects to launch the project in the second half of 2020.

The Group’s investment property at 6-8 Bennett Street in Perth, Australia continues to provide a source of recurring rental income.

⁴ *Gradual Resumption of Construction Work from 2 June 2020 – Building and Construction Authority, 15 May 2020*

⁵ *Urban Redevelopment Authority – Release of 2nd Quarter 2020 real estate statistics – 24 July 2020*

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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