

OKP HOLDINGS LIMITED

(Incorporated in Singapore with Registration No. 200201165G)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors of OKP Holdings Limited (the “**Company**” or “**OKP**”, and together with its subsidiaries, the “**Group**”) refers to the questions received from shareholders ahead of the Company’s Annual General Meeting to be held on 27 April 2020 at 11.00 a.m. via live webcast. The Company wishes to provide its response below.

Q1. Please comment on the impact of the dormitory lockdowns with regards to the projects that OKP has on hand.

The escalation of the COVID-19 outbreak in Singapore led to the Government implementing a Circuit Breaker period from 7 April 2020 to 4 May 2020, which has since been extended to 1 June 2020. During this period, the Group has temporarily ceased construction activities at its ongoing projects in compliance with the measures. However, the Group continues to perform housekeeping, safety and environmental maintenance works at its project sites. The 14-day stay-home notice for the period from 20 April 2020 to 4 May 2020 for all work permit holders and S Pass holders in the construction sector that was issued by the Ministry of Manpower and the lockdown of dormitories from 22 April 2020 have also added on to the overall disruption to the Group’s operations.

The Company expects an adverse financial impact during the Circuit Breaker period due to the loss of revenue, the delays to project completion timelines and the continual incurring of fixed costs such as staff costs. The impact will be partially cushioned by the support measures from the Government.

Meanwhile, the Group is preparing and making the necessary arrangements to recommence full business operations as soon as possible after the Circuit Breaker measures are lifted.

Q2. Please give a briefing on the Group’s outlook for 2020.

Prior to the escalating COVID-19 situation, the Building and Construction Authority (BCA) had provided some positive estimates for the construction industry. It announced on 8 January 2020 that the value of construction contracts to be awarded in 2020 would range between \$28.0 billion and \$33.0 billion, supported by sustained public sector construction demand, which was expected to be driven by major, larger and more complex infrastructure projects. These projects were the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line.

In the case of the private sector, construction demand was expected to remain steady at between \$10.5 billion and \$12.5 billion in 2020. The potential projects would come from the redevelopment of enbloc sale sites, recreational developments at Mandai Park, Changi Airport new taxiway, and berth facilities at Jurong Port and Tanjong Pagar Terminal.

In the property market, the Urban Redevelopment Authority’s estimate of 1st Quarter 2020 real estate statistics showed a decrease in private residential property prices by 1.2%, with decreases recorded across all regions.

Following the COVID-19 outbreak, the construction industry has been impacted significantly in terms of manpower, cost of materials and delay in project schedules. With all these factors, it is likely that both public and private sector contracts would be delayed, thus resulting in lower construction demand for 2020 which would have an adverse impact on the Group.

Q3. Will the company increase the share buy back since the share price is so low?

The Company has been buying back its shares since 18 March 2020. As at 17 April 2020, the Company has bought back a total of 801,200 shares. The Company will continue to monitor its share price performance closely and exercise prudence as it undertakes further share buy backs. The Company will consider the amount of cash surplus available and the prevailing market conditions before doing so.

Q4. What impact had COVID-19 caused to the various business segment? Core segments like Construction & Maintenance labour execution property segment sales Investment segment occupancy?

As stated above, the Group has temporarily ceased construction activities for its ongoing projects in compliance with the Circuit Breaker measures, but continues to perform housekeeping, safety and environmental maintenance works at the sites. The Group is monitoring the foreign worker dormitory situation closely as it looks forward to the recommencement of business operations.

For the Property Segment, the Circuit Breaker will affect the construction progress of the Group's property developments, including construction of the showflat for Phoenix Heights, due to the temporary suspension of construction activity. The construction industry is also facing a shortage of materials due to the disruption of global supply chains as a result of the COVID-19 outbreak. Meanwhile, the availability of manpower remains an ongoing concern amidst the COVID-19 situation which has affected the foreign worker dormitories.

Of the Group's two ongoing property development projects, The Essence was launched in March 2019 and has achieved sales of approximately 47.6%. In compliance with the Circuit Breaker measures, the Group has closed the showflat for The Essence. The Group will explore alternative marketing strategies as it continues to actively market this project which is expected to receive its temporary occupation permit (TOP) in 2023. The showflat for Phoenix Heights is currently under construction and sales has yet to commence. Barring any unforeseen circumstances, the Group expects to launch the project in the second half of 2020, depending on the prevailing market conditions.

As at 31 December 2019, the Group's investment property at 6-8 Bennett Street, East Perth, Western Australia, was fully occupied. It will continue to contribute a stable stream of rental income for the Group.

Q5. Did the Covid-19 cause any delays in the projects?

As stated above, the escalation of the COVID-19 outbreak in Singapore led to the Government implementing a Circuit Breaker period from 7 April 2020 to 4 May 2020, which has since been extended to 1 June 2020. During this period, the Group has temporarily ceased construction activities at its ongoing projects in compliance with the measures. Projects will be delayed due to the cessation of construction activities. The 14-day stay-home notice for the period from 20 April 2020 to 4 May 2020 for all work permit holders and S Pass holders in the construction sector that was issued by the Ministry of Manpower and the lockdown of dormitories from 22 April 2020 have also added on to the overall disruption to the Group's operations.

By Order of the Board

Or Toh Wat
Group Managing Director
25 April 2020