

30 Tagore Lane
 Singapore 787484
 Tel: (65) 6456 7667
 Fax: (65) 6459 4316

For Immediate Release

OKP HOLDINGS LIMITED REPORTS REVENUE OF S\$69.6 MILLION AND NET PROFIT OF S\$4.0 MILLION IN FY2020

- ***Diversified portfolio provides financial resilience***
- ***Healthy order book of S\$254.0 million¹, with visibility extending to 2023***
- ***Strong balance sheet, with free cash and cash equivalents of S\$74.0 million***
- ***One-off gains from reversal of impairment allowance for the disposal of CS Amber Development and government support measures***
- ***Proposes one-tier tax exempt final dividend of S\$0.007 per share***

GROUP'S FINANCIAL HIGHLIGHTS			
S\$' Million	FY2020	FY2019	▲/▼ (%)
Revenue	69.6	81.3	▼14.5
Gross Profit	7.4	10.8	▼32.0
GP Margins	10.6%	13.3%	▼2.7ppt
Net profit/(loss) attributable to equity holders	3.3	(0.4)	▲971.2
Earnings/(Loss) per share – Basic (cents)	1.07	(0.12)	▲991.7
As at 31 December 2020:			
Net Tangible Assets: S\$121.4 million, NTA Per Share: 39.56 Singapore cents			

¹ As at 31 December 2020.

Singapore, 22 February 2021 – 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 revenue of S\$69.6 million for the full year ended 31 December 2020 (“FY2020”) as compared to S\$81.3 million over the corresponding period in the previous year (“FY2019”), a decline of 14.5%, mainly due to lower contributions from the construction and maintenance segments. Net profit attributable to equity holders of S\$3.3 million was reported for FY2020, from a net loss of S\$0.4 million in FY2019.

Group Managing Director, Mr Or Toh Wat (胡土发), said, “Amidst the negative economic backdrop brought by the COVID-19 pandemic, we will continue to build our resilience through our diversified strategy for both our core infrastructure and civil engineering businesses, as well as property development and investment business in Singapore and overseas. Strengthening of our core competencies will also remain a top priority, to ride on the gradual recovery of the overall economy and resumption of construction activities in Singapore, which is expected to be driven by projects in the public sector. On top of a healthy orderbook of S\$254.0 million, providing visibility to 2023, we will also continue our efforts in growing our property investment business segment, which has seen continued growth in providing the Group with a recurring income stream.”

Review of Performance

GROUP'S REVENUE HIGHLIGHTS						
	FY2020		FY2019		▲/▼	
	S\$' Million	% of Total	S\$' Million	% of Total	S\$' Million	%
Construction	46.1	66.2	50.0	61.4	▼3.9	▼7.8
Maintenance	17.2	24.7	25.6	31.5	▼8.4	▼32.9
Rental Income	6.3	9.1	5.7	7.1	▲0.6	▲9.9
Total Revenue	69.6	100.0	81.3	100.0	▼11.7	▼14.5

The overall decrease in the Group's revenue in FY2020 was largely due to a 7.8% and a 32.9% decrease in revenue from the construction and maintenance segments, respectively. The decreases were partially offset by a 9.9% increase in rental income.

The decrease in construction segment revenue to S\$46.1 million was mainly due to the lower percentage of revenue recognised from a number of existing and newly awarded construction projects during FY2020. The construction segment continues to be the biggest contributor to the Group's revenue, representing 66.2% of the Group's FY2020 revenue, a modest growth from the 61.4% contribution to FY2019 revenue.

Likewise, the decrease in maintenance segment revenue to S\$17.2 million was largely due to a lower percentage of revenue recognised from a number of existing and newly awarded maintenance projects during FY2020.

The Group's rental income continued to see positive growth, improving 9.9% or S\$0.6 million to S\$6.3 million in FY2020 as compared to S\$5.7 million in FY2019. Overall, the Group's rental income contributed 9.1% to the Group's total revenue in FY2020, up from 7.1% in FY2019. The increase in rental income generated from investment properties was due mainly to rental income generated from the property at 6-8 Bennett Street, East Perth, Western Australia, which has been fully occupied since the second quarter ended 30 June 2019.

Gross profit dipped 32.0% to S\$7.4 million in FY2020 from S\$10.8 million in FY2019 whilst gross profit margin declined 2.7 percentage points to 10.6%, mainly due to the temporary cessation of construction activities in compliance with the government's COVID-19 measures. Overall, the negative impact from the COVID-19 situation on the construction and maintenance segments was cushioned by the finalisation of a few existing projects during FY2020.

Other gains, on the other hand, increased by S\$8.2 million to S\$10.7 million in FY2020, from S\$2.5 million for FY2019, 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\$0.8 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\$3.3 million for FY2020 as compared to a net loss attributable to equity holders of S\$0.4 million for FY2019.

Balance Sheet Highlights

The Group's balance sheet remains strong with net tangible assets ("NTA") of S\$121.4 million while NTA per share was 39.56 Singapore cents as at 31 December 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\$74.0 million as at 31 December 2020, compared to S\$59.6 million a year ago.

Earnings per share (basic) for FY2020 stood at 1.07 Singapore cents, as compared to loss per share of 0.12 Singapore cents in FY2019.

Based on OKP's closing share price of S\$0.176 as at 22 February 2020, the Group's market capitalisation is S\$54.0 million.

Proposed Dividend

To reward shareholders for their continuous support, the Board has proposed a final cash dividend of S\$0.007 per share.

Outlook

Economy and Impact from Global Pandemic

Based on advance estimates from the Ministry of Trade and Industry, the Singapore economy contracted by 3.8% on a year-on-year basis in 4Q2020, an improvement from the 5.6% contraction recorded in 3Q2020. On a quarter-on-quarter seasonally adjusted basis, the economy grew by about 2.1%, following the 9.5% expansion in 3Q2020. For the whole of 2020, the Singapore economy contracted by 5.8%².

The COVID-19 pandemic has caused a severe disruption to global economic activity and the impact on economies across the world has been broad and significant, affecting different sectors to varying degrees. Even with a vaccine being distributed, the effects of the pandemic are expected to linger on for years.

Notably, 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. While Singapore has entered Phase 3 of re-opening in December 2020 and construction work has started to resume progressively, manpower constraints and shortage of raw materials remain.

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.

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. Nevertheless, the Group has complied with the Safe Management Measures required by the Ministry of Manpower and Building and Construction Authority (“**BCA**”) and has resumed activities at all of the Group’s project sites.

² *Singapore’s GDP Contracted by 3.8 Per Cent in the Fourth Quarter of 2020 – Ministry of Trade and Industry, 4 January 2021*

To tide through this crisis, the Group will continue to focus on preserving cash by reducing operating expenses where applicable and deferring all non-essential expenditures.

Construction

The construction sector shrank by 28.5% on a year-on-year basis in 4Q2020, improving from the 46.2% contraction in the preceding quarter. The improved performance of the sector came on the back of the resumption of more construction activities in 4Q2020 compared to the previous quarter. On a quarter-to-quarter seasonally adjusted basis, the construction sector grew by 34.4%, extending the 39.0% growth in 3Q2020.

According to BCA, total construction demand in 2021 is projected to recover to between S\$23 billion and S\$28 billion, with the public sector contributing about 65% of the total demand³.

The public sector is expected to drive the construction demand in 2021 to between S\$15 billion and S\$18 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System (DTSS) Phase 2.

Although the construction sector will continue to experience a challenging operating environment, the above developments, coupled with Singapore moving into Phase 3 of re-opening on 28 December 2020, shed a positive light on the recovery of the overall economy and resumption of construction activities.

³ Public sector construction demand to support the sector's recovery – Building and Construction Authority, 18 January 2021

The Group remains cautiously optimistic as it continues to be supported by a healthy pipeline of construction projects. With the objective of increasing productivity, the Group will continue to focus on technology adoption, innovative measures, training of workers and higher usage of equipment and tools to reduce the overall reliance on manpower.

As at 31 December 2020, the Group's order book stood at \$254.0 million, with projects extending till 2023.

Property Development and Investment

With regards to the private residential property segment, real estate statistics released by the Urban Redevelopment Authority ("**URA**") showed a 2.1% increase in the private residential property index in 4Q2020, compared with the 0.8% increase in 3Q2020. In 4Q2020, developers launched 3,147 uncompleted private residential units for sale, compared with 3,791 units in 3Q2020. For the whole of 2020, developers launched 10,833 uncompleted private residential properties for sale, compared with 11,345 units in 2019⁴.

On the property development front, the Group's joint venture residential project, The Essence, was launched in March 2019 and has achieved good sales of approximately over 90%.

The Group's 74-unit residential project in Bukit Panjang, Phoenix Residences, was launched in December 2020 to warm response. With the Phase 3 re-opening in Singapore, the Group has stepped up marketing efforts to engage homebuyers through both physical and virtual channels.

The Group's investment property at 6-8 Bennett Street, East Perth, Western Australia continues to provide a source of recurring rental income. As at 31 December 2020, the property had full occupancy.

⁴ Release of 4th Quarter 2020 real estate statistics – Urban Redevelopment Authority, 22 January 2021

In line with the expansion of its portfolio of investment properties, the Group completed the acquisition of 35 Kreta Ayer Road in January 2021. The property has a freehold tenure and comprises a three-storey with attic shophouse. It occupies a lot area of approximately 1,568 square feet and has a total floor area of approximately 4,240 square feet. The acquisition will contribute to the Group's performance in FY2021.

Moving forward, the Group will continue to strengthen its capabilities in its core civil engineering business in order to maintain its status as a leading civil engineering contractor across various industries. The Group remains fully committed to the smooth execution and delivery of its existing projects.

In line with the Group's long-term strategy to diversify its earnings and build a recurring income stream, it will continue to explore business opportunities, both locally and abroad, to widen its foothold in property development and investment, through strategic tie-ups with experienced partners.

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 line with the expansion of its portfolio of investment properties, OKP completed the acquisition of 35 Kreta Ayer Road in January 2021. The property has a freehold tenure and comprise a three-storey with attic shophouse.

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.

Issued on behalf of OKP Holdings Limited by: Citigate Dewe Rogerson Singapore

Media and Analysts' Contacts:

Citigate Dewe Rogerson Singapore

Dolores Phua / Sua Xiu Kai

During Office Hours: 6589-2383 / 6589-2376

Email: dolores.phua@citigatedewerogerson.com

xiukai.sua@citigatedewerogerson.com
