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**FOR IMMEDIATE RELEASE**

## OKP Holdings Limited revenue grows 8.3% to S\$83.8 million for nine months ended 30 September 2014

**“Our construction and maintenance segments continue to be our main revenue drivers and core strengths. We will continue to maintain our leadership position as infrastructure and civil engineering experts to not only tackle the challenges faced by the construction industry but also secure more construction contracts,” said Group Managing Director, Mr Or Toh Wat**

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	3Q2014	3Q2013 (restated)*	▲/▼	9M2014	9M2013 (restated) *	▲/▼
<b>Revenue</b>	26.2	26.0	▲0.8%	83.8	77.4	▲8.3%
<b>Gross Profit</b>	2.1	1.7	▲25.1%	7.1	8.3	▼14.7%
<b>GP Margins</b>	8.1%	6.5%	▲1.6 ppt	8.5%	10.7%	▼2.2ppt
<b>Profit After Tax &amp; MI</b>	0.3	0.3	-	1.7	3.4	▼49.9%
<b>EPS –Basic (cents)</b>	0.09	0.09	-	0.55	1.09	▼49.5%
<b>Net Construction Order Book:</b> S\$186.8 million, projects lasting till 2017 As at 30 September 2014: <b>Free Cash and Cash Equivalents:</b> S\$32.6 million <b>Net Tangible Assets:</b> S\$95.6 million, <b>NTA Per Share:</b> 30.98 cents						

*\*Restated due to the adoption of new/revised Financial Reporting Standards 111(new) – Joint Arrangement, effective for annual periods beginning on or after 1 January 2014.*

**Singapore, 27 October 2014 – MAINBOARD-LISTED** infrastructure and civil engineering company, OKP Holdings Limited (胡金標控股有限公司) (“OKP” or “the Group”), today announced a 8.3% year-on-year (“yoy”) increase in revenue to S\$83.8 million for the nine months ended 30 September 2014 (“9M2014”). Profit after tax attributable to equity holders (“net profit”) declined 49.9% yoy to S\$1.7 million for 9M2014.

Despite the increase in revenue in the Group's core business segments, net profit declined 49.9% to S\$1.7 million for 9M2014 due to higher administrative costs and lower gross profit due to a competitive pricing environment. The Group also posted earnings per share (basic) of 0.55 Singapore cents for 9M2014, down from 1.09 Singapore cents in the nine months ended 30 September 2013 ("9M2013").

GROUP'S REVENUE HIGHLIGHTS						
S\$' million	9M2014		9M2013 (restated)*		Increase/(decrease)	
<b>Construction</b>	53.4	63.7%	58.7	75.8%	(5.3)	(9.1%)
<b>Maintenance</b>	30.4	36.3%	18.7	24.2%	11.7	62.6
<b>Total Revenue</b>	83.8	100.0%	77.4	100.0%	6.4	8.3%

*\*Restated due to the adoption of new/revised Financial Reporting Standards 111(new) – Joint Arrangement, effective for annual periods beginning on or after 1 January 2014.*

The increase in overall revenue was mainly due to higher contribution from the maintenance segment, which saw a 62.6% increase to S\$30.4 million. This growth was largely due to a higher percentage of revenue recognised from a number of existing and newly-awarded maintenance projects as they progressed to a more active phase. Revenue from the construction segment, on the other hand, fell 9.1% to S\$53.4 million, mainly due to the substantial completion of several construction projects in 9M2014 and a lower percentage of revenue recognised from projects secured in the second quarter ended 30 June 2014.

Cost of works increased yoy by 11.0% from S\$69.1 million to S\$76.7 million for 9M2014. This increase was mainly due to an increase in labour, sub-contracting and construction material costs. As a result, despite the increase in revenue, gross profit fell 14.7% yoy to S\$7.1 million for the same period. Correspondingly, gross profit margin also decreased from 10.7% in 9M2013 to 8.5% in 9M2014.

As at the date of this announcement, the Group's net construction order book based on secured contracts stands at S\$186.8 million, extending till 2017.

**Group Managing Director, Mr Or Toh Wat (胡士发)** remarked, "Our construction and maintenance segments continue to be our main revenue drivers and core strengths. We will continue to maintain our leadership position as infrastructure and civil engineering experts to not only tackle the challenges faced by the construction industry but also secure more construction contracts."

## **Balance Sheet Highlights**

The Group's net tangible assets amounted to S\$95.6 million as at 30 September 2014, a 0.8% increase from 31 December 2013. This is equivalent to 30.98 Singapore cents per share compared to 30.72 Singapore cents per share as at 31 December 2013.

The Group's free cash and cash equivalents amounted to S\$32.6 million as at 30 September 2014, a S\$2.3 million increase compared to S\$30.3 million as at 30 September 2013.

The Group reported net cash of S\$2.4 million from operating activities in 9M2014, an increase of S\$8.5 million as compared to S\$6.1 million used in operating activities in 9M2013. The increase was mainly attributed to a decrease in net working capital outflow of approximately S\$8.6 million and a decrease in income tax paid of approximately S\$1.4 million, which were partially offset by a decrease in cash generated from operating activities before working capital changes of approximately S\$1.5 million during 9M2014.

The Group used S\$0.8 million for investing activities in 9M2014. These include the purchase of new property, plant and equipment of approximately S\$1.6 million, loan to a joint venture, Lakehomes Pte Ltd, of approximately S\$0.5 million and investment in an associated company, United Singapore Builder Pte Ltd, of approximately S\$0.2 million. These were partially offset by proceeds received from the sale and redemption of financial assets worth approximately S\$1.3 million and disposal of property, plant and equipment worth approximately S\$0.2 million during 9M2014.

The Group also used S\$1.6 million in financing activities, comprising mainly dividend payments to shareholders of approximately S\$0.9 million and repayment of finance lease liabilities of approximately S\$0.6 million.

As at 27 October 2014, OKP's market capitalisation stood at S\$78.7 million based on the closing share price of S\$0.255.

## **Outlook**

Ministry of Trade and Industry released advance estimates on 14 October 2014 stating that the Singapore economy has grown 2.4% on a year-on-year ("yoy") basis in the third quarter of 2014, matching growth in the previous quarter. The construction sector grew by 1.4% on a yoy basis, compared to 4.1% in the preceding quarter largely due to a slowdown in private sector construction activities.

Commenting on the growth outlook, **Mr Or** said, “The construction industry landscape continues to prove challenging due to factors such as the rise in business and manpower costs in Singapore. Nevertheless, we remain optimistic as we are supported by a steady pipeline of projects worth S\$186.8 million extending to 2017. On top of this, we will tender actively for private and public projects and seek to differentiate ourselves through our infrastructure and civil engineering expertise.”

### **Corporate update and projects**

The Group is currently involved in a number of public sector projects from the Land Transport Authority (“LTA”) and Public Utilities Board (“PUB”).

On-going LTA projects include:

- Widening of Tanah Merah Coast Road worth S\$37.3 million;
- Extension of the Central Expressway/Tampines Expressway/Seletar Expressway Interchange worth S\$75.3 million;
- Design-and-build project involving the interchange at Tampines Expressway/Sengkang West Road/Seletar Aerospace Way worth S\$61.7 million; and
- Ad-hoc repairs, maintenance and upgrading of roads (inclusive of expressways), road structures and road related facilities in central Singapore worth S\$18.2 million.

On-going PUB projects include:

- Construction of Stamford Diversion Canal worth S\$50.6 million;
- Improvement to roadside drains at Lorong 101 – 108 Changi Road/Langsat Road, Hillview Avenue, Thomson Road, Jalan Teliti and Balestier Road/Boon Teck Road worth S\$19.2 million;
- Improvement to roadside drains at Chai Chee Road and New Upper Changi Road worth S\$4.0million;
- Improvement to Alexandra Canal (between Zion Road and Kim Seng Road) worth S\$46.8 million;
- Improvement to roadside drains at Joo Chiat worth S\$10.2 million;
- Improvement to roadside drains at Lucky Heights Estate (Eastern) worth S\$15.0 million; and
- Improvement to roadside drains at Geylang area worth S\$13.6 million.

On the private sector front, the Group is involved in the construction of the East (North) aircraft parking apron, associated taxiways and ancillary works at Seletar Airport for Changi Airport Group, worth S\$39.8 million.

As part of the Group's strategy to diversify earnings through property development and investment, the Group successfully launched Amber Skye, a freehold residential development, on 10 September 2014. This marked the Group's maiden foray into property development via a \$0.1 million (10% minority stake) investment in CS Amber Development Pte. Ltd.. In addition, OKP also has a 10% stake in a joint venture, Lakehomes Pte. Ltd, to develop an executive condominium, Lake Life. This was first announced in August 2013 and launched recently on 4 October 2014.

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## **About OKP Holdings Limited ([www.okph.com](http://www.okph.com))**

OKP Holdings Limited (胡金标控股有限公司) (OKP) 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. Established in 1966 by Founder and Chairman, Mr Or Kim Peow, OKP operates in two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering and infrastructure construction projects.

The Group's clientele includes public sector agencies such as Changi Airport Group, Housing & Development Board, JTC Corporation, Land Transport Authority, National Parks Board, Public Utilities Board and Urban Redevelopment Authority, as well as private sector companies like ExxonMobil, Foster Wheeler Asia Pacific Pte Ltd, WorleyParsons Pte Ltd and Angullia Development Pte. Ltd..

The Group broke into the oil and gas industry in 2006 when it secured a project connected to the S\$750 million Universal Terminal, a massive petroleum storage facility on Jurong Island, Singapore's oil refining and petrochemical hub. Upon completing the project, it went on to secure numerous other projects, including civil works relating to ExxonMobil's multi-billion dollar petrochemical project, known as the Second Petrochemical Complex. And in August 2010, it made further inroads into the sector with the signing of a contract for land reclamation works on Jurong Island.

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 evaluated based factors such as sales and earnings growth, and shareholders' return on equity over a three-year period and the past one year. On 17 February 2009, it received a Certificate of Achievement from DP Information Group and its partners comprising Ernst & Young, SPRING Singapore, IE Singapore and The Business Times, marking the Company's entry into the 22nd "Singapore 1000 & SME 500" rankings. It had been listed on the Stock Exchange of Singapore since 26 July 2002.

Its wholly-owned subsidiary, Or Kim Peow Contractors (Pte) Ltd (胡金标建筑(私人)有限公司), is an A1 grade civil engineering contractor, under the BCA Contractors' Registry System which allows it to tender for public sector construction projects of unlimited value. Its other wholly-owned subsidiary, Eng Lam Contractors Co (Pte) Ltd (永南建筑(私人)有限公司), is an A2 grade civil engineering contractor which allows to tender for public sector construction projects with contract values of up to S\$85 million each.

OKP has won several awards for its annual reports, corporate governance and excellence in Investor Relations. At the SIAS Investors' Choice Awards 2012 and 2013, OKP was conferred the "Most Transparent Company Award" under the Main Board Small Caps Category. At the Singapore Corporate Awards (SCA) 2013, it clinched the Best Annual Report (Gold), Best Managed Board Award (Silver) and Best Investor Relations Award (Bronze) in the 'Companies with less than S\$300 million in market capitalisation' category. At the SCA 2012, it won the Best CFO, Best Managed Board Award (Bronze) and Best Investor Relations Award (Bronze) in the same category. It took the Best Annual Report Award (Gold) in 2010. At SCA 2009, it bagged two awards – Best Investor Relations Award (Gold) and Best Annual Report Award (Silver). OKP was the Silver winner for Best Investor Relations Award at SCA 2008. It was also the second runner-up at the 30th Annual Report Awards in 2004 and Best Annual Report Award (Gold) at the Inaugural SCA 2006 for excellent standards of corporate disclosure.

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