

Company Visit Note

OKP Holdings Ltd

Key takeaways from company meeting

Background

- OKP Holdings Ltd (OKP) is a leading homegrown infrastructure and civil engineering company in the region specialising in the construction and maintenance of roads and road-related facilities, as well as building construction-related works.

Strong book order

- In 2010, OKP has secured projects totalling S\$45.5m from the public sector, namely Jurong Town Corporation, Land Transport Authority and Public Utilities Board. As of 29 July, the orderbook based on secured contracts stood at about S\$312m, extending all the way to 2013. This is pretty formidable for a company with S\$126m market capitalisation.
- OKP announced in late-August that they have won a S\$1.1m contract for foreshore land reclamation works on Jurong Island.

Revenue catalysts

- OKP has just been prequalified and has shown interest in securing rail construction contracts from the Land Transport Authority. According to management, the forthcoming Downtown Line stage 3 will be segmented into 10 portions with each portion worth about S\$300m. In our view, this is another milestone for the company.
- OKP made its foray into Africa when it formed a 50:50 joint venture (JV), CIF-OKP Construction and Development Pte Ltd (CIF-OKP), with China Sonangol International (S) Pte Ltd (CSIS), a subsidiary of China Sonangol International Limited (CSIL). CSIL is a conglomerate in the resources investment, exploration and large-scale infrastructure construction businesses in Africa, particularly Angola. According to management, this JV will undertake the infrastructure project in Africa.

Valuation

- OKP is currently trading at a valuation of 7.8x FY10 and 6.6x FY11 consensus earnings.

Non Rated

| | |
|--------------------|-----------------|
| Share Price | S\$0.475 |
| Fair Price | N.A |
| Upside | N.A |

Stock data

| | |
|---------------------------|-------------|
| GICS sector | Industrials |
| Bloomberg ticker: | OKP SP |
| Shares Issued (m): | 264.8 |
| Market Cap (S\$m): | 125.8 |
| Market Cap (US\$m): | 95.6 |
| 3-mth avg t'over (US\$m): | 0.0 |

Price Performance (%)

| | | | | |
|------------------|-----------------------|------|-------|-----|
| 52-week high/low | S\$0.6325 / S\$0.416: | | | |
| 1mth | 3mth | 6mth | 1yr | YTD |
| 5.6 | 5.5 | -2.6 | -10.5 | 7.5 |

Major Shareholders

| | |
|-------------------------|------|
| | % |
| Or Kim Peow Investments | 52.6 |
| China Sonangol Int S Pl | 8.5 |



Source: Nextview

Analyst
 Singapore Research Team
 research@uobkayhian.com

Important Disclosure

We have based this document on information obtained from sources we believe to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Expressions of opinion contained herein are those of UOB Kay Hian Research Pte Ltd only and are subject to change without notice. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of the addressee only and is not to be taken as substitution for the exercise of judgement by the addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities.

UOB Kay Hian and its affiliates, their Directors, officers and/or employees may own or have positions in any securities mentioned herein or any securities related thereto and may from time to time add to or dispose of any such securities. UOB Kay Hian and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investments related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.

UOB Kay Hian (U.K.) Limited, a UOB Kay Hian subsidiary which distributes UOB Kay Hian research for only institutional clients, is an authorised person in the meaning of the Financial Services and Markets Act 2000 and is regulated by Financial Services Authority (FSA).

In the United States of America, this research report is being distributed by UOB Kay Hian (U.S.) Inc ("UOBKHUS") which accepts responsibility for the contents. UOBKHUS is a broker-dealer registered with the U.S. Securities and Exchange Commission and is an affiliate company of UOBKH. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact UOBKHUS, not its affiliate. The information herein has been obtained from, and any opinions herein are based upon sources believed reliable, but we do not represent that it is accurate or complete and it should not be relied upon as such. All opinions and estimates herein reflect our judgement on the date of this report and are subject to change without notice. This report is not intended to be an offer, or the solicitation of any offer, to buy or sell the securities referred to herein. From time to time, the firm preparing this report or its affiliates or the principals or employees of such firm or its affiliates may have a position in the securities referred to herein or hold options, warrants or rights with respect thereto or other securities of such issuers and may make a market or otherwise act as principal in transactions in any of these securities. Any such non-U.S. persons may have purchased securities referred to herein for their own account in advance of release of this report. Further information on the securities referred to herein may be obtained from UOBKHUS upon request.

<http://research.uobkayhian.com>

MICA (P) 236/03/2010
RCB Regn. No. 198700235E