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### For Immediate Release

## OKP HOLDINGS LIMITED'S NET PROFIT INCREASES 6.6% TO S\$4.3 MILLION IN 1H2016

- *Commemorates 50<sup>th</sup> anniversary by declaring interim dividend of 0.5 Singapore cent per share*
- *Gross profit rises 2.4% to S\$7.1 million and gross profit margin increases 1.9 percentage points to 14.6%*
- *Balance sheet remains robust, with free cash and cash equivalents of S\$63.8 million*
- *Clear revenue visibility till 2019, with net construction order book standing at S\$391.3 million*
- *Actively tendering for large-scale infrastructure projects in Singapore, including the multi-billion dollar North-South Corridor project*

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	2Q2016	2Q2015	▲/▼	1H2016	1H2015	▲/▼
Revenue	24.0	27.2	▼ 11.6%	48.6	54.6	▼ 11.0%
Gross Profit	4.1	4.2	▼ 2.1%	7.1	6.9	▲ 2.4%
GP Margins	17.1%	15.4%	▲ 1.7 ppt	14.6%	12.7%	▲ 1.9 ppt
Profit After Tax & MI	2.5	2.9	▼ 15.6%	4.3	4.1	▲ 6.6%
EPS – Basic (cents)	0.81	0.96	▼ 15.6%	1.41	1.32	▲ 6.8%
As at 30 June 2016:						
<b>Net Tangible Assets: S\$104.2 million, NTA Per Share: 33.79 cents</b>						

**Singapore, 1 August 2016 – MAINBOARD-LISTED** infrastructure and civil engineering company, OKP Holdings Limited (胡金标控股有限公司) (“OKP” or the “Group”), today announced that its net profit attributable to equity holders for the six months ended 30 June 2016 (“1H2016”) grew 6.6% to S\$4.3 million despite a 11.0% decrease in revenue to S\$48.6 million. In comparison, the Group recorded a net profit attributable to equity holders of S\$4.1 million on revenue of S\$54.6 million in the previous corresponding period (“1H2015”).

For 1H2016, earnings per share (basic) rose 6.8% to 1.41 Singapore cents from 1.32 Singapore cents in 1H2015.

As part of OKP’s 50<sup>th</sup> anniversary celebration and to reward loyal shareholders, the Board of Directors has declared an interim dividend of 0.5 Singapore cent per share.

<b>GROUP’S REVENUE HIGHLIGHTS</b>						
<b>S\$’ million</b>	<b>1H2016</b>		<b>1H2015</b>		<b>Increase/(decrease)</b>	
<b>Construction</b>	41.1	84.6%	40.4	74.0%	0.7	1.7%
<b>Maintenance</b>	7.5	15.4%	14.2	26.0%	(6.7)	(47.3%)
<b>Total Revenue</b>	48.6	100.0%	54.6	100.0%	(6.0)	(11.0%)

The dip in 1H2016’s topline was a result of the 47.3% decline in the maintenance segment’s revenue to S\$7.5 million. This was due to a lower percentage of revenue recognised from several maintenance projects that were reaching completion during the half year. However, the decrease in the maintenance segment’s revenue was partly offset by the construction segment’s 1.7% growth in revenue to S\$41.1 million, largely attributable to the higher percentage of revenue recognised on existing and newly secured construction projects that progressed to a more active phase during 1H2016.

Cost savings from certain maintenance projects that commanded higher margins resulted in a 2.4% growth in 1H2016's overall gross profit to S\$7.1 million, while gross profit margins rose 1.9 percentage points to 14.6%.

The Group's net construction order book stood at S\$391.3 million as at 30 June 2016, with projects extending till 2019.

**Group Managing Director, Mr Or Toh Wat (胡士发)** said, "2016 is a milestone year for us as we celebrate OKP's 50<sup>th</sup> year in business as one of Singapore's leading transport infrastructure and civil engineering companies. We are a stable dividend yield company and we believe in striking a good balance between growth and providing our shareholders with reasonable dividend payouts. This year, the Board has declared an interim dividend of 0.5 cent per share to mark this special occasion and to share the fruits of our labour with our investors who have been unwavering in their support all these years.

"The flow of infrastructure projects continue to be good and thus far, we have secured a total of five contracts worth S\$101.8 million this year, from JTC; PUB, Singapore's National Water Agency; and LTA. These contracts from our long-standing clients are testament to OKP's expertise and reputation as a reliable infrastructure contractor in the field of public sector projects."

### **Balance Sheet Highlights**

OKP's balance sheet remained robust as at 30 June 2016, with net tangible assets ("NTA") registering a 1.3% rise to S\$104.2 million, from S\$102.9 million as at 31 December 2015. Correspondingly, NTA per share increased to 33.79 Singapore cents as at 30 June 2016 from 33.37 Singapore cents as at 31 December 2015.

The Group's free cash and cash equivalents also grew, recording a S\$26.0 million growth to S\$63.8 million as at 30 June 2016, as compared to S\$37.8 million as at 30 June 2015.

OKP recorded net cash generated from operating activities of S\$17.9 million during the half year, an improvement from the S\$11.1 million in net cash generated from operating activities in 1H2015. This improvement was primarily attributable to an increase in net working capital inflow of S\$6.8 million.

Net cash used in investing activities amounted to S\$0.6 million in 1H2016, mainly as a result of the purchase of new property, plant and equipment amounting to S\$0.5 million.

The S\$3.1 million net cash used in financing activities recorded in 1H2016 was largely attributable to dividend payments to shareholders of S\$3.0 million and repayment of finance lease liabilities of S\$0.6 million. These were offset by a S\$0.7 million decline in pledged deposit from the cancellation of a bank facility during the half year.

Based on OKP's closing share price of S\$0.27 as at 1 August 2016, the Group's market capitalisation was S\$83.3 million.

## **Outlook**

For the second quarter of 2016, the Ministry of Trade and Industry ("MTI") forecasts Singapore's economy to achieve a growth of 2.2% on a year-on-year ("y-o-y") basis. On a quarter-on-quarter basis, the economy expanded by 0.8%<sup>1</sup>.

Primarily due to the private sector's slowdown in construction activities, the construction sector's pace of growth decelerated to 2.7% in the second quarter of the year on a y-o-y basis, as compared to a 4.5% expansion in the immediate preceding quarter<sup>1</sup>.

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<sup>1</sup> Singapore's GDP Grew by 2.2 Per Cent in the Second Quarter of 2016 - Ministry of Trade and Industry Singapore, 14 July 2016

**Mr Or** commented, “While we anticipate challenges from rising business costs and a shortage of skilled manpower to continue exerting pressure on our operations, we believe the effects will be mitigated by our prudence towards managing our cost structure and balance sheet.

“Further, the prospects over the medium-term appear optimistic, given the pipeline of projects secured in 2015 and year-to-date, as well as the expected increase in demand for civil engineering expertise from Singapore’s upcoming large-scale infrastructure projects. We will be actively tendering for these large projects, including contracts relating to the upcoming multi-billion dollar North-South Corridor project which will span 21.5 kilometres and connect the northern region of Singapore to the city centre.

“As we progress into the future beyond OKP’s golden jubilee in 2016, we look forward to scaling greater heights in terms of strengthening our core business, leveraging on our 50 years of track record, and selectively capitalising on good opportunities to grow our business both in Singapore and beyond our shores.”

**About OKP Holdings Limited ([www.okph.com](http://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 two core business segments, Construction and Maintenance. The Group tenders for both public and private civil engineering, as well as infrastructure construction projects, primarily in Singapore.

The Group's clientele includes public sector agencies such as Changi Airport Group, Housing & Development Board, JTC Corporation, 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.

Since 2012, OKP has ventured into property development and investment through minority stakes in Amber Skye, a freehold residential development, and Lake Life, an executive condominium in Jurong.

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 subsidiaries, 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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Issued on behalf of OKP Holdings Limited by: Citigate Dewe Rogerson, i.MAGE

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## **NOTES TO THE EDITOR:**

### **Corporate updates and projects**

The Group is currently involved in a number of public sector projects from the Land Transport Authority (“LTA”), PUB, the national water agency and JTC Corporation (“JTC”).

On-going LTA projects include:

- Road resurfacing works along seven major and other expressways worth S\$54.7 million;
- Construction of viaduct from Tampines Expressway to Pan Island Expressway (Westbound) and Upper Changi Road East worth S\$94.6 million;
- A S\$19.7 million contract for the improvement of road related facilities, road structures and road safety schemes in the East region of Singapore;
- Two contracts for the construction of sheltered link ways under the Walk2Ride Programme worth S\$143.9 million; and
- Widening of Tanah Merah Coast Road worth S\$37.3 million.

On-going PUB projects include:

- Improvement of drainage system along Lorong 22 to 44, Geylang, worth S\$18 million;
- Reconstruction of drains and culverts in Jalan Buroh, Jalan Sampurna, Pioneer Sector 1, Tanjong Penjuru/Penjuru Road and West Coast Road/Penjuru Road worth S\$9.8 million;
- Construction of Stamford Diversion Canal Contract 1 – Tanglin and Kim Seng worth S\$50.6 million; and
- Improvement to Roadside Drains at Balestier Road, together with the completed areas at Lor 101 – 108 Changi Road, Langsat Road, Hillview Avenue and Jalan Teliti, worth S\$19.2 million.

On-going JTC projects include:

- Infrastructure works at Punggol, including the new roads, drains, cycling paths, culverts, sumps, sewer pipes and manholes, and the proposed underground basement linkways at Punggol Road, worth S\$19.3 million; and
- Construction of roads, drains, sewers and soil improvement works contract at Tuas South Avenue 7/14 worth S\$20.4 million.

On the property development front, the Group embarked on its first project with freehold residential development, Amber Skye. The Group has a 10% stake in the developer, CS Amber Development Pte. Ltd., a wholly-owned subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd..

The Group also holds a 10% stake in a property development joint venture, Lakehomes Pte. Ltd., the developer of an Executive Condominium (“EC”), Lake Life, in Jurong. This was the first EC to be developed in the western part of Singapore in 17 years. It was successfully launched and has recorded strong sales performance.