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OKP Holdings Limited's full year net profit soars to a record high of S$26.6 million; proposes final dividend of 2.0 cents per share

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GROUP'S FINANCIAL HIGHLIGHTS						
S$' million	**4Q2011**	**4Q2010**	**▲/▼**	**FY2011**	**FY2010**	**▲/▼**
Revenue	23.2	29.6	▼22%	109.8	139.9	▼22%
Gross Profit	15.0	10.1	▲50%	43.2	29.5	▲40%
GP Margins	65%	34%	▲31ppt	39%	21%	▲18ppt
Profit After Tax & MI	9.5	4.6	▲105%	26.6	17.0	▲57%
EPS –Basic (cents)	3.24	1.78	▲82%	9.02	6.50	▲39%
As at 31 December 2011: **Gross Order Book**: S$248.6 million projects lasting till 2014 **Cash and Cash Equivalents**: S$92.5 million **Net Tangible Assets:** S$86.5 million, **NTA Per Share:** 28.34 cents						

Singapore, 15 February 2012 **– CONTINUING** on its upward trajectory, mainboard-listed infrastructure and civil engineering company OKP Holdings Limited (胡金标控股有限公司) (OKP) today announced profit after tax attributable to shareholders (PATMI) of S$26.6 million, up S$9.6 million, or 57.0 per cent, from S$17.0 million it registered in the previous financial year.

The board of directors is proposing a final dividend of 2.0 cents per share. Taken with the interim dividend of 1.0 cent per share which the Group paid in August 2011, the total dividend of 3.0 cents per share works out to a dividend yield of 4.6% based on yesterday's closing share price of 65.5 cents and a dividend payout ratio of 33.3% for FY2011.

The Group recorded a revenue of S$109.8 million, compared to S$139.9 million in the previous financial year. The Group saw reduced revenue contributions from both the construction and maintenance segments, due primarily to the higher degree of completion of existing projects, coupled with a lower percentage of revenue recognised from a few newly-awarded projects during the year.

The construction segment continued to be the major contributor to the Group's revenue, accounting for 82.2 per cent of total revenue, while the maintenance segment contributed the remaining 17.8 per cent, quite comparable to the 82.9 per cent and 17.1 per cent respectively in the previous financial year.

Despite turning in a lower revenue, OKP's gross profit increased by S$13.7 million or 46.5 per cent to S$43.2 million, a leap from the S$29.5 million recorded previously. The Group's gross profit margin expanded from 21.1 per cent in FY2010 to 39.3 per cent, the increase due largely to cost savings in certain design-and-build construction projects, which yielded higher gross profit margins. Overall better project management and tighter cost controls also helped.

Basic earnings per share for FY2011 stood at 9.02 cents, a 39.0 per cent increase from 6.5 cents previously.

Record quarterly earnings

On a quarterly basis, the Group also saw record earnings. Its PATMI for the quarter was S$9.5 million, up S$4.9 million or 105.4 per cent, from the previous corresponding quarter. It registered a revenue of S$23.2 million, compared to S$29.6 million in the corresponding fourth quarter in FY2010. The decrease in revenue from both segments was due mainly to the higher degree of completion of existing projects, coupled with a lower percentage of revenue recognised from a few newly-awarded projects.

Despite the revenue dip, OKP's gross profit for the fourth quarter ended 31 December 2011 increased by S$5.0 million, or 50.2 per cent, to S$15.0 million compared to S$10.0 million previously. Its gross profit margin was 64.8 per cent in the fourth quarter ended 31 December 2011, up from 33.8 per cent in the previous corresponding quarter. The increase in OKP's gross

profit was due mainly to cost savings in certain design-and-build construction projects, which yielded higher gross profit margins, and better project management and tighter cost controls.

OKP is a leading home-grown infrastructure and civil engineering company in the region specialising in the construction of urban and arterial roads, expressways, vehicular bridges, flyovers, airport infrastructure and oil and gas-related infrastructure for petrochemical plants and oil storage terminals. The Company also undertakes maintenance works for roads and roads-related facilities as well as building construction-related works.

Group Managing Director, Mr Or Toh Wat (胡土发), expressed delight at the Group's sterling set of financial results. He said: "All of us have worked hard over the year and we are gratified to see our diligence translated into positive numbers and tangible results.

"Strategically, we shall be open and alert to all opportunities, examine each one carefully and expand our business in a way that will create value and deliver good outcomes to our stakeholders and shareholders. Operationally, we shall continue to be conscientious, thorough and meticulous in the execution of our projects to ensure that we are on track to become a leading transport infrastructure and civil engineering company in Singapore, the region and beyond," added Mr Or.

"We have visibly strengthened our market position in public sector infrastructure projects over the past several years. We will continue to build market leadership in this market segment and increase market share by leveraging our strong track record in public sector works and existing client relationships to win new projects. A sturdy track record and strong client relationships are two of our key strengths," he said.

The Group's total gross order book to date stands at S$248.6 million (2010: $309.9 million) based on secured civil engineering and construction contracts, with some projects stretching up to 2014. The decrease in the order book was due mainly to the higher degree of completion of existing projects.

Balance sheet highlights

The Group's sterling results translated into a strong balance sheet with net working capital of S$64.9 million, total assets of S$148.3 million and net tangible assets of S$86.5 million. This gives

a net tangible assets per share of 28.34 cents as at 31 December 2011, an increase of 3.02 cents compared with the 25.32 cents recorded at year end in 2010.

For the 12 months ended 31 December 2011, the Group brought in net cash of S$5.6 million from operations with free cash and cash equivalents balance registering a strong S$87.4 million or cash of 28.6 cents per share. Market capitalisation was S$199.9 million, derived from a closing share price of 65.5 Singapore cents as at 15 February 2012.

Outlook

The Ministry of Trade and Industry has projected a lower overall GDP growth of between 1 and 3 per cent for 2012. However, the Building and Construction Authority expects the overall construction demand to remain strong at between S$21 billion and S$27 billion for 2012. Public sector construction demand is expected to contribute between S$13 billion and S$15 billion worth of construction orders. The support is likely to come from the continued strong public housing development demand as well as construction demand for institutional buildings and civil engineering projects.

“Based on the fairly healthy outlook of the construction industry over the next three years, it should follow that the outlook for OKP would be optimistic. However, with the expected slowdown in the economy, we also anticipate that the competition will become more intense,” said Mr Or.

A few road-related projects likely to be awarded in 2012 include the expansion of Kallang Paya Lebar Expressway(KPE)/Tampines Expressway (TPE) Interchange; the extension and reconstruction of Newton Flyover; and the construction of the New Lornie Road, he added.

He also cited reports that the Public Utilities Board would spend S$750 million over the next five years on 20 drainage projects. “With our experience in drainage improvements works, we will also tender actively for any upcoming drainage projects,” he added. OKP’s latest contract awarded by PUB was to improve Alexandra Canal between Zion Road and Kim Seng Road ($46.8 million) in September 2011.

Corporate update and projects

Since the start of 2011, the Group has secured seven public sector projects totalling approximately S$152.0 million. These include two projects from the Land Transport Authority, namely a design-and-build project involving the interchange at Tampines Expressway (TPE)/Sengkang West Road/Seletar Aerospace Way worth S$61.7 million and one that involves the widening of Old Choa Chu Kang Road from Sungei Tengah Road to Lim Chu Kang Road worth S$28.5 million.

There are four projects from the Public Utilities Board, namely improvement to Alexandra Canal (between Zion Road and Kim Seng Road) worth S$46.8 million, sewer extension works in Admiralty Road West, Andrew Avenue, Tung Po Avenue, Punggol Road and Cranwell Road worth S$4.2 million, improvement to roadside drains at Ang Mo Kio Avenue 3, Tembeling Road and Ewe Boon Road areas worth S$3.4 million and improvement to roadside drains at Jalan Ma'mor, Hua Guan Avenue and Outram Road areas worth S$2.5 million. One project is from the JTC Corporation, namely the proposed sewers from Tuas South Avenue 14 to Tuas South Avenue 12 worth S$4.9 million.

Should the opportunity arise, OKP would also expand its business through acquisitions, joint ventures and/or strategic alliances that it believes can complement its construction and maintenance business. These can potentially provide access to new markets and prospective clients. While OKP actively prospects for growth opportunities, it remains committed to prudent cost management and improving operational efficiency.

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About OKP Holdings Limited (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 Civil Aviation Authority of Singapore, 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 SS$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 USS$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 it 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 and excellence in Investor Relations. At the Singapore Corporate Awards (SCA) 2010, it took the Best Annual Report Award (Gold) in the 'Companies with less than SS$300 million in market capitalisation' category. 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.

Issued on behalf of OKP Holdings Limited by: Waterbrooks Consultants Pte Ltd

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