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**FOR IMMEDIATE RELEASE**

## OKP Holdings Limited achieves net profit of S\$2.5 million for FY2014 and recommends dividend of 0.1 cent per share

“While 2014 was a positive year for public construction buoyed by higher demand for public infrastructure and civil engineering projects, the sector remains competitive and the margins squeezed. Moving forward, we strive to further develop our expertise in infrastructure and civil engineering in order to benefit from the uptick in demand while leveraging our reputation for quality builds.” said Group Managing Director, Mr Or Toh Wat

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	4Q2014	4Q2013 (restated)*	▲/▼	FY2014	FY2013 (restated)*	▲/▼
<b>Revenue</b>	25.7	29.6	▼13.3%	109.5	107.0	▲2.3%
<b>Gross Profit</b>	1.7	2.9	▼41.6%	8.8	11.2	▼21.6%
<b>GP Margins</b>	6.5%	9.7%	▼3.2 ppt	8.0%	10.4%	▼2.4 ppt
<b>Profit After Tax &amp; MI</b>	0.8	1.4	▼41.0%	2.5	4.8	▼47.2%
<b>EPS –Basic (cents)</b>	0.28	0.47	▼40.4%	0.82	1.56	▼47.4%
<b>Net Construction Order Book:</b> S\$296.8 million, projects lasting till 2019 As at 31 December 2014: <b>Free Cash and Cash Equivalents:</b> S\$28.9 million <b>Net Tangible Assets:</b> S\$96.4 million, <b>NTA Per Share:</b> 31.3 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, 16 February 2015 – 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 2.3% year-on-year (“yoy”) increase in revenue to S\$109.5 million for the full year ended 31 December 2014 (“FY2014”) while profit after tax attributable to equity holders (“net profit”) declined 47.2% yoy to S\$2.5 million for FY2014.

Earnings per share (basic) declined 47.4% yoy to 0.82 Singapore cent in FY2014, down from 1.56 Singapore cents in the previous year.

In appreciation of shareholders for their support, the Board of Directors has recommended a final dividend of 0.1 cent per share. This works out to a dividend yield of 0.5% based on today's closing share price of 22.0 cents and a dividend payout ratio of 12.2% for FY2014.

GROUP'S REVENUE HIGHLIGHTS						
S\$' million	FY2014		FY2013 (restated)*		Increase/(decrease)	
<b>Construction</b>	71.1	65.0%	78.7	73.5%	(7.6)	(9.6%)
<b>Maintenance</b>	38.4	35.0%	28.3	26.5%	10.1	35.5%
<b>Total Revenue</b>	109.5	100.0%	107.0	100.0%	2.5	2.3%

*\*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 overall increase in revenue was mainly due to a 35.5% yoy growth in the maintenance segment with a contribution of S\$38.4 million while the construction segment registered a 9.6% yoy decline to S\$71.1 million in FY2014. The revenue growth from the maintenance segment was largely attributed to revenue recognition in FY2014 from key maintenance projects. On the other hand, the decline in revenue from the construction segment was due to the slowdown of construction activity and several projects reaching completion in FY2014.

Gross profit and gross profit margin decreased 21.6% and 2.4 ppt yoy to S\$8.8 million and 8.0% respectively in FY2014. This is mainly due to a 5.1% yoy increase in cost of works to S\$100.7 million in FY2014 from rising labour costs, construction material costs and competition within the construction sector.

As of 31 December 2014, the Group's net construction order book based on secured contracts stands at S\$296.8 million, extending till 2019.

**Group Managing Director, Mr Or Toh Wat (胡士发)** remarked, "While 2014 was a positive year for public construction buoyed by higher demand for public infrastructure and civil engineering projects, the sector remains competitive and the margins squeezed. Moving forward, we strive to further develop our expertise in infrastructure and civil engineering in order to benefit from the uptick in demand while leveraging our reputation for quality builds."

## **Balance Sheet Highlights**

The Group's net tangible assets as of 31 December 2014 amounted to S\$96.4 million, equivalent to 31.3 Singapore cents per share. This represented a marginal decrease of 1.8% yoy from S\$94.8 million as at 31 December 2013 or 30.7 Singapore cents per share.

The Group's free cash and cash equivalents amounted to S\$28.9 million as at 31 December 2014 (31 December 2013: S\$32.5 million).

The Group reported net cash used for operating activities of S\$1.1 million in FY2014, a decrease of S\$0.4 million when compared to net cash used for operating activities of S\$1.5 million in FY2013. The decrease was mainly due to a decrease in net working capital outflow of S\$1.3 million and income tax of S\$1.6 million paid during FY2014. The decrease was partially offset by a decrease in cash generated from operating activities before working capital changes of \$2.5 million in FY2014.

Net cash used in investing activities was S\$0.6 million in FY2014 due to the purchase of new property, plant and equipment of S\$2.0 million and investment in an associated company, United Singapore Builders Pte Ltd for S\$0.2 million, which were offset partially by proceeds received from the sale of a financial asset, available-for-sale of S\$0.8 million, the redemption of a financial asset, held to maturity of S\$0.5 million and the disposal of property, plant and equipment worth S\$0.3 million.

The Group also reported net cash used in financing activities of S\$1.9 million, comprising mainly dividend payments to shareholders of S\$0.9 million, repayment of finance lease liabilities of S\$0.9 million and payment of finance expenses of S\$0.1 million.

As at 16 February 2015, OKP's market capitalisation stood at S\$67.9 million based on the closing share price of S\$0.22.

## **Outlook**

Advance estimates published by the Ministry of Trade and Industry ("MTI") on 2 January 2015 reflected a 1.5% yoy growth of the Singapore economy in the fourth quarter ended 31 December 2014 ("4Q2014") compared to 2.8% in the previous quarter. Growth for the economy is estimated to be 2.8% for the overall year which is in line with MTI's forecast.

Despite growing demand for public sector construction activities, the construction sector revealed a slowdown in growth to 0.8% yoy in 4Q2014, as compared to a 1.3% increase in 3Q2014.

Separately on 8 January 2015, the Building & Construction Authority estimated the overall construction demand for 2015 to fall between S\$29.0 billion and S\$36.0 billion supported by a steady pipeline of public sector projects. Although this forecast for 2015 is a decline compared to the historical high of S\$37.7 billion achieved in 2014, public sector projects are expected to account for an estimated 60.0% or S\$18.0 billion to S\$21.0 billion of total construction activity in 2015, driven by an increase in industrial projects and a steady pipeline of institutional and civil engineering works. Weak private home sales and uncertainties in the global economy continue to slowdown private sector construction activity to an estimated S\$11.0 billion to S\$15.0 billion in 2015 as compared to S\$18.0 billion in 2014.

In August 2013, the Ministry of Transport also announced plans to expand Changi Airport in order to accommodate the rising demand for air travel in Singapore. The development of Changi Terminal 5 ("T5") is expected to be a multi-billion dollar project and will feature one of the world's largest terminals with a capacity of 50 million passengers a year. The project will require extensive construction work to ensure ground connectivity to other terminals as well as land preparation for the runways. The T5 and the three-runway system are expected to provide us with construction and civil engineering opportunities.

The overall construction industry continues to be affected by rising business costs and the tight labour market. The industry continues to be challenged by a shortage of experienced and skilled manpower due to the prevailing government policies and legislation involving foreign worker hires.

Commenting on the growth outlook, **Mr Or** said, "Although overall growth in construction demand is expected to be muted in 2015, we are supported by a growing demand for public infrastructure and civil engineering projects. This is evident in our recent announcement where we successfully clinched contracts worth S\$143.8 million to construct sheltered link ways under the Walk2Ride programme to bridge connectivity between transport hubs, residential homes and public amenities. As we welcome another new financial year, we strive to streamline our business and cost efficiencies while seeking additional prospects locally and overseas."

## 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:

- Two contracts for the construction of sheltered link ways under the Walk2Ride Programme worth S\$143.8 million;
- 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;
- 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 Contract 1 – Tanglin and Kim Seng 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 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 property development front, we embarked on our first project in property development with the launch of freehold residential development, Amber Skye, on 10 September 2014. Amber Skye was developed following our minority investment of 10% stake in July 2012 in CS Amber Development Pte Ltd, a subsidiary of China Sonangol Land Pte. Ltd., the property arm of China Sonangol International (S) Pte. Ltd.

In addition, we also hold a 10% stake in a property development joint venture, Lakehomes Pte Ltd to develop an Executive Condominium (“EC”), Lake Life, in Jurong. This was the first EC to be developed on the Western side of Singapore in 17 years. It was successfully launched on 4 October 2014 and recorded strong sales performance.

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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 tendering 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 2014, OKP won Merit for the Singapore Corporate Governance Awards, Mainboard Small Caps category and Runner-up for the "Most Transparent Company Award 2014" in the Constructions and Material Category. OKP was also conferred the "Most Transparent Company Award" under the Mainboard Small Caps Category in 2012 and 2013. At the the Singapore Corporate Awards ("SCA") 2013, it clinched the Best Annual Report (Gold), Best Managed Board Award (Silver) and Best Investor Relations (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 under the same 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.

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Issued on behalf of OKP Holdings Limited by: Financial PR Pte Ltd

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