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FOR IMMEDIATE RELEASE

OKP Holdings Limited posts S\$4.8 million net profit for FY2013 and proposes dividend of 0.3 cents per share

“FY2013 was a challenging year as competition intensifies while rising labour costs continue to affect our margins. We remain prudent in our business operations and will prospect actively for new projects,” said Group Managing Director, Mr Or Toh Wat

GROUP'S FINANCIAL HIGHLIGHTS						
S\$' million	4Q2013	4Q2012	▲/▼	FY2013	FY2012	▲/▼
Revenue	35.5	27.5	▲29%	128.3	104.5	▲23%
Gross Profit	3.2	6.0	▼46%	12.6	23.4	▼47%
GP Margins	9%	22%	▼13ppt	10%	22%	▼12ppt
Profit After Tax & MI	1.4	3.8	▼62%	4.8	12.4	▼61%
EPS –Basic (cents)	0.47	1.24	▼62%	1.56	4.04	▼61%
As at 31 December 2013: Gross Order Book: S\$373.3 million, projects lasting till 2015 Free Cash and Cash Equivalents: S\$34.8 million Net Tangible Assets: S\$94.8 million, NTA Per Share: 30.7 cents						

Singapore, 24 February 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 22.8% year-on-year (“yoy”) increase in revenue to S\$128.3 million while registering a 61.1% yoy decline in profit after tax attributable to equity holders (“net profit”) to S\$4.8 million for the full year ended 31 December 2013 (“FY2013”). OKP intends to continue to reward its shareholders by proposing a cash dividend payout of 0.3 cents per share.

The growth in revenue was contributed by an overall increase in each of the Group’s two core business segments, namely, construction and maintenance. While revenue increased for FY2013, net profit declined due to industry competition, unforeseen costs from certain sewage-related projects and rising variable costs such as manpower and sub-contractor costs. As such, OKP reported earnings per share (basic) of 1.56 cents for FY2013 (FY2012: 4.04 cents).

The board of directors is proposing a final dividend of 0.3 cent per share. This works out to a dividend yield of 0.9% based on today's closing share price of 33.0 cents and a dividend payout ratio of 19.2% for FY2013.

The construction segment continued to drive revenue, growing 9.2% yoy to contribute S\$100.0 million or 77.9% of revenue in FY2013. The increase in revenue from the construction segment was due to revenue recognition from a few key construction projects as they entered full swing in FY2013. In comparison, the maintenance segment more than doubled its growth in revenue with a 118.4% yoy increase to record S\$28.3 million or 22.1% of revenue in FY2013. This was a result of projects in the maintenance segment progressing to a more active phase in FY2013 with a higher percentage of revenue recognised from existing and newly-awarded projects.

Gross profit declined 46.5% yoy to S\$12.6 million in FY2013 while gross profit margin also decreased to 9.8% from 22.4% in the previous year. The margin for both construction and maintenance business segments were suppressed due to competitive pricing in the industry coupled with rising manpower and sub-contractor costs and additional works for certain sewage-related projects.

Group Managing Director, Mr Or Toh Wat (胡士发) remarked, "FY2013 was a challenging year as competition intensifies while rising labour costs continue to affect our margins. We remain prudent in our business operations and will prospect actively for new projects."

The Group remains supported by a pipeline of projects, having secured seven new public sector projects in FY2013. The six public sector projects awarded by the Public Utilities Board ("PUB"), included drainage improvement at Chai Chee Road and New Upper Changi Road worth S\$4.0 million; improvement to roadside drains at Geylang area worth S\$13.6 million; improvement works to Stamford Canal from Napier Road to Marina Reservoir worth S\$6.7 million; drainage improvement at Lucky Heights Estate worth S\$15.0 million; drainage improvement at Joo Chiat area worth S\$10.2 million; and S\$6.7 million dredging contract at Sungei Api Api. The Group also won one contract amounting to S\$18.2 million from Land Transport Authority ("LTA") for ad hoc repairs, maintenance and upgrading of roads in central Singapore.

As at the date of this announcement, the Group's gross order book based on secured contracts stands at S\$373.3 million, with projects lasting till 2015.

Balance Sheet Highlights

The Group continues to maintain a strong balance sheet and healthy cash position.

The Group's net tangible assets amounted to S\$94.8 million as at 31 December 2013, marking a mild 0.4% increase relative to the preceding year. This is equivalent to 30.72 cents on a per share basis, compared to 30.71 cents a year ago.

As at 31 December 2013, the Group's free cash and cash equivalents amounted to S\$34.8 million, compared with S\$49.0 million as at 31 December 2012.

During the year, net cash of S\$0.2 million was used in operating activities, versus S\$7.0 million in the previous year. This was due mainly to a decrease in net working capital of approximately S\$12.9 million and a decrease in income tax paid of approximately S\$3.3 million for FY2013. It was however partially offset by a decrease in cash generated from operating activities.

A net cash of S\$8.8 million was used in investing activities for FY2013 as compared to S\$24.9 million in FY2012. This was largely due to a shareholder's loan of S\$9.6 million to an associated company, Lakehomes Pte Ltd, and purchase of new property, plant and equipment of approximately S\$1.3 million. This was offset by the proceeds received from the sale and redemption of financial assets amounting to S\$1.0 million each.

For financing activities, a net cash of S\$5.2 million was used in FY2013, versus S\$6.6 million in the preceding year. The repayment of finance lease liabilities, interest payments and dividend payments to shareholders amounted to S\$5.4 million, which was partially offset by S\$0.2 million in cash proceeds from the issuance of new shares upon the exercise of warrants.

As at 24 February 2014, market capitalisation of OKP stood at S\$101.8 million based on the closing share price of S\$0.33 per share.

Corporate update and projects

The Group is currently involved in a number of public sector projects. Apart from the LTA project won in FY2013, there are two other ongoing LTA projects namely the expansion of the CTE/ TPE/ SLE Interchange worth S\$75.3 million and the design-and-build project involving the interchange at Tampines Expressway/Sengkang West Road/Seletar Aerospace Way worth S\$61.7 million.

In addition to the six PUB contracts awarded in FY2013 as outlined above, the Group is also executing another project from the PUB, namely improvement to Alexandra Canal (between Zion Road and Kim Seng Road) worth S\$46.8 million.

Outlook

According to advanced estimates, the Ministry of Trade and Industry announced on 2 January 2014 that the Singapore economy grew by 4.4% yoy in the fourth quarter of 2013, a decline from 5.9% growth in the previous quarter. Comparatively, the construction sector grew 4.7% yoy, similarly slowing down from the 5.8% growth in the preceding quarter.

The overall construction demand in Singapore for 2014 is expected to remain strong at between S\$31.0 and S\$38.0 billion. Public sector projects should contribute close to 60.0% or between S\$19.0 to S\$22.0 billion, fuelled by an anticipated higher volume of contracts to be awarded for institutional and civil engineering construction works.

Leveraging the Group's civil engineering expertise, it formed a joint venture with four other established construction companies in Singapore to target MRT projects. The Ministry of Transport expects to double the length of Singapore's rail network to 278.0 km from 138.0 km in 2008 at the cost of S\$60.0 billion over the next decade.

Mr Or added, "While we expect the operating environment for the construction sector to remain challenging in the year ahead due to rising business costs and a tight labour market, we remain optimistic due to our robust pipeline of projects. Moving forward, we will continue to refine our expertise in the civil engineering space, which will improve our chances of securing large-scale infrastructure and civil engineering projects."

In addition to tendering for new projects, we will also explore opportunities to grow our business through acquisitions, joint ventures and strategic alliances to complement our core business segments in construction and maintenance.”

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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 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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