

Profitable first half for HSL

Gross interim dividend of 8%

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KUCHING — The first half of 2013 has been a profitable and successful one for Sarawak-based infrastructure company Hock Seng Lee Berhad (HSL).

HSL's financial results for the six months to 30 June 2013, saw net profit before tax rise to RM56.32 million from RM56.14 million for the same period of 2012.

"As well as growing the bottom line during the first half of 2013, we have benefited from considerable procurement success with RM381 million worth of new projects added to our order book," said HSL's Managing Director Dato Paul Yu Chee Hoe.

The commendable first half financial report has led the HSL Board to approve a first interim ordinary dividend of 8 percent per share less tax at 25 percent and payable to shareholders on 8 October 2013. The dividend entitlement date shall be 18 September 2013.

HSL has been paying out interim dividends ranging from 5-8% for a decade and has maintained the tradition in view of its consistently strong financial results.

"Ensuring attractive returns to our shareholders is always a priority and when we enjoy success, we make a point of sharing it with our investors," said Dato Paul Yu.

Meanwhile, revenue for the first half of 2013 stood at RM275.45 million compared to 2012's first half figure of RM290.92 million.

"Several major projects were at stages where revenue flows are reduced - either in their final stages or just starting-up," said Dato Paul Yu, explaining that the slight variance in turnover figures was just a timing issue.

The higher margins achieved can be largely attributed to the property development segment which registered RM7.3 million quarterly pre-tax earnings from RM2.1 million for the same period in 2012.

The increased contribution from property development (14 percent of Group revenue for the quarter) is due to the launching and strong sales of the *Eden Fields 2* and *'Bahamas' Samariang Aman 2* residential projects.

Samariang Aman 2 in Kuching's north remains under construction with further new launches expected in the coming months, while the boutique *Botanika* housing estate at Batu Kawa, Kuching will be launched with a new show home this quarter.

Overall, the value of HSL's projects in hand is currently at around RM1.9 billion with RM1.2 billion unbilled.

Recent wins include infrastructure works and drainage diversion works at Samalaju, a road construction contract in Bintulu and a high-rise commercial office construction project in Kuching.

"We are currently awaiting outcomes on several bids, including reclamation and infrastructure projects in Tanjung Manis," said Dato Paul Yu.

"We now have ongoing contracts in all of the coastal SCORE growth node towns of Tanjung Manis, Mukah and Samalaju," he added.

At the same time, HSL's biggest potential incoming contract will be the second package of the Kuching Centralised Wastewater Management system.

With the first phase progressing well and the sewerage treatment plant already commissioned successfully, HSL together with its consortium partners feels well-prepared to carry out the next phase of the massive project.

"We have the equipment – tunnel boring machines, cranes etc – and we have mastered the technology of tunneling, so we believe we are uniquely primed to continue with this project which is so essential to the health of Kuching's waterways," Dato said.

HSL has sustained its healthy balance sheet with no gearing and strong cash reserves giving the company the capital to start up major projects, offer project financing or to acquire strategic assets.

On prospects for the rest of 2013, Dato commented that the momentum of SCORE was compelling and HSL could anticipate further projects from the area.

In addition, the government's efforts to improve amenities available to the rural communities while simultaneously upgrading urban centres in the state of Sarawak are initiatives which generate a multiplicity of opportunities for the Group.

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Based in Sarawak, East Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.

HSL is listed on Bursa Malaysia's Construction Counter (stock code 6238).

For further information see: www.hsl.com.my