

HSL's 2013 earnings at RM114m

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KUCHING (Thursday): The value of new contracts procured by Hock Seng Lee Berhad (HSL) in 2013 was at a record level while margins remained sound.

The Sarawak-based infrastructure specialist procured RM628 million worth of projects in 2013, up from RM525 million in 2012.

HSL posted profit before tax for the 2013 financial year ended 31 December 2013 of RM113.98 million on the back of revenue at RM548.45 million. This translates to earnings per ordinary share of 15.4 sen.

"We have produced another set of impressive annual financial results," said HSL Chairman Dato' Idris Bin Buang.

"With the commendable performance for 2013, the Board has recommended a final dividend on par with last year's," Dato' said.

A final 9 percent single tier exempt dividend has been proposed pending approval at the upcoming Annual General Meeting (AGM). Added to the gross interim dividend of 8 percent (6 percent net) paid in October 2013, the total net cash dividend for 2013 will be 15 percent net. This equates to the same net cash dividend return for 2012 (which was a gross of 20 percent).

"Our dividend payout ratios have averaged 20 percent over the past few years as we ensure our loyal stakeholders share in HSL's success," said Dato' Idris.

Upon the release of HSL's annual results, Managing Director Dato Paul Yu Chee Hoe attributed the company's ongoing profitability to technical expertise, management experience and the pace of development in Sarawak.

Dato noted that a number of the new projects procured during 2013 were within the Sarawak Corridor of Renewable Energy (SCORE) in central Sarawak, while rapid urbanization of the state's towns and the need to upgrade amenities for rural communities were the other catalysts for the local construction industry's growth.

Major new contracts for HSL include infrastructure works and drainage works at Samalaju Industrial Park, sand filling, road works, water supply and pumping station in Tanjung Manis in SCORE, roadworks in Bintulu and Sibul and an office building in Petra Jaya, Kuching.

"Most of our projects are running on or ahead of schedule. However, progress and start-ups on some sites during 2013 was slower than expected.

"In some cases this was due to unseasonably high rainfall and in others it was delayed mobilisation or adverse site conditions. We expect the progress claims on new contracts to pick up as work schedules reach more active stages," Dato Paul Yu stated.

HSL currently has some thirty projects in hand worth approximately RM2 billion, with RM1.2 billion outstanding.



Among the higher value ongoing projects are the Kuching City Central Wastewater Management System (Pkg 1), a new campus for UITM Mukah and office block and several large road and infrastructure contracts.

During 2013, HSL completed 16 projects across Sarawak worth some RM514 million. This was up from the 12 projects worth RM414 million completed during 2012.

Significant completions include affordable housing in Bintulu, road works at Mukah, Tanjung Manis and Sibul, an educational institution at Samarahan and the fast track water treatment plant and associated works at Samalaju.

Meanwhile, 2013 was also a good year for HSL's property division. With 15 percent contribution to Group bottom line (up from 7 percent in 2012), it is a small but growing component of the Group.

Several residential developments were launched during the year including the boutique high-end *Botanika* residential development in Kuching and follow-up phases to the popular *Samariang Aman 2* estate in Kuching's north. *Eden Fields 2* at 11½ mile Kuching-Serian road and *Highfields 2* at Batu Kawa were among the housing estates sold out.

"We expect 2014 to be another encouraging year for our property sales with a mix of products on offer," said Dato Paul Yu.

Samariang Aman 2 will see launch of the new "Bayu" homes during the first quarter. *Eden Commercial Centre 2*, featuring shoplots, has recently been released for sale, while toward the second half of the year, industrial lots in Kuching will be launched.

The highly anticipated *La Promenade* 200 acre mixed development is now taking shape along the Kuching-Samarahan Expressway. A detached high-end show home is under construction as well as the lake, extensive landscaping and an advanced security system.

HSL has substantial cash reserves with no gearing and in spite of rising construction costs achieved Return on Equity (ROE) of 16 percent as at 31 December 2013.

"Our sound financial standing means we can acquire additional assets to further the business or offer financing to clients.

"This year, aside from the next package of Kuching's centralised sewerage system, we are vying for airport extensions, roads and bridges, power plants, mass reclamation works, flood mitigation, water supply, affordable housing and other building construction contracts.

"We have financial, human and technical resources that place us at a competitive advantage and given the opportunities in Sarawak we therefore expect to add to our order book," disclosed Dato Paul Yu.

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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, Bloomberg code HSL MK).

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