

HSL posts record revenue for 2014

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KUCHING (Friday): Sarawak's infrastructure and marine engineering specialist Hock Seng Lee Berhad (HSL) has posted a sound annual financial performance.

Revenue for the year ended 31 December 2014 reached an historical high of RM604.72 million while net profit before tax was at RM103.15 million. This translates to earnings per ordinary share of almost 14 sen.

"Our technical expertise and prudent management of the challenges facing the industry have enabled us to continue our unbroken record of profitability," said HSL Chairman Dato' Idris Bin Buang.

"We have faced a period of inflationary pressure and unfavourable exchange rates for imported plant and machinery, while the labour shortage and material delivery issues have also impacted on margins," he added.

Revenue for the year ended 31 December 2013 was RM548.45 million with net profit before tax at RM113.98 million.

On a fourth quarter 2013 vs fourth quarter 2014 basis, revenue jumped some 35 percent, while there was a 24 percent rise over the immediate preceding quarter.

In view of the commendable results, the Board has recommended a final single-tier tax exempt dividend of 8 percent per ordinary share pending approval at the forthcoming Annual General Meeting. Added to the interim single-tier tax exempt dividend of 6 percent paid in October 2014, the cash dividend for 2014 will total 14 percent.

"Our stock continues to be highly institutionally held with investors enjoying attractive returns and dividend payout ratios in the vicinity of 20 percent over the past five years", said Dato' Idris.

During 2014, HSL completed several major roadworks contracts including projects at Samarahan, Bako and Pusa. Other completed works included infrastructure works for industrial parks at Demak Laut in Kuching and at Samalaju as well as two building contracts in Bintulu.

Upon the release of HSL's annual results, Managing Director Dato Paul Yu Chee Hoe noted that the Sarawak Corridor of Renewable Energy (SCORE) in central Sarawak was continuing to drive the construction industry in the state.

"Some 75 percent of HSL's new projects in 2014 were related to the development, mostly in the SCORE growth node town of Samalaju where we procured infrastructure works for Samalaju

Industrial Park Phase 3 as well as the road in from Tanjung Kidurong, the raw water intake from Sungai Simalaju and the administrative building works for the port,” said Dato Paul Yu.

HSL currently has some thirty projects in hand worth approximately RM2 billion, with RM950 million outstanding.

In reviewing 2014, Dato Paul Yu also commended his team on the successful renewal of HSL’s ISO Certification.

The Group underwent a surveillance audit at the end of the year. These take place every three years and this was HSL’s second confirmation of the efficacy of the Group’s Quality Management System (QMS).

“We received plaudits for our implementation, awareness and the comprehensive internal audits that have been carried out to ensure conformity,” he said.

In other corporate developments, late 2014, saw HSL celebrate the inaugural piling driving for its new multi-storey office headquarters.

Located in the Group’s much-anticipated mixed development of *La Promenade*, the office building will spearhead a commercial development at the site.

Meanwhile the first phase of high-end residential units of *La Promenade* are in their final stages of construction and the man-made lake, guardhouses and extensive landscaping works are well-underway. The project is expected to be launched in the second quarter of this year.

Looking ahead to 2015 and beyond, HSL will bid for roads and bridges, power plants, mass reclamation works, flood mitigation, water supply, affordable housing and other building construction contracts. The Group will also pursue additional tunnelling works to utilise its fleet of tunnel boring machines.

HSL maintains substantial cash reserves and currently has no borrowings, thus positioning the Group to offer financing to clients or invest in relevant assets as the need or opportunity arises.

“We anticipate contracts to continue to flow in Sarawak and will be vigilantly managing execution challenges to sustain our consistent results.

“We look forward to the ongoing support of our loyal shareholders,” said 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