

HSL's order book hits RM3B

Earnings at RM27.8m for first half

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KUCHING (Tuesday) - The value of projects in hand for Sarawak-based infrastructure company Hock Seng Lee Berhad (HSL) has reached an historical high of RM3 billion.

The milestone was announced upon the release of the company's second quarter results for the 3 months ended 30 June 2017 in which pre-tax earnings stood at RM12.78 million on the back of revenue of RM106.39 million.

At this same juncture last year, 30 June 2016, orders were at RM2.6 billion and pre-tax earnings were at RM16.13 million on revenue of RM107.05 million.

"So far in 2017, we have added RM558 million worth of new projects to our books including the Miri wastewater project, a vocational facility (PPKS) in Mukah, a collector road in Samalaju and a school in Miri," said Hock Seng Lee Berhad's Managing Director Dato Paul Yu Chee Hoe.

"We are particularly pleased to be able to utilize our specialized tunneling equipment and sewerage works expertise to undertake another wastewater management project in Sarawak," he added.

In the first half on this year, HSL completed RM137 million of works including high priority projects in the SCORE region such as the water treatment plant at Mukah, administrative buildings for the Samalaju Port and infrastructure works at the Samalaju Industrial Park.

Of the current order book of RM3 billion, some RM2.6 billion remained unbilled as at 30 June 2017.

"This is indicative of our many new and big ticket projects, such as our section of the Pan-Borneo highway, being in the early stages," Dato Paul Yu added.

"We are seeing the effects of the dynamic development in Sarawak and the impact this has on the local construction industry.

"While we are busy executing contracts across the state, we are also experiencing some pressure on margins as demand for materials, labour and sub-contractors has pushed up operating costs," Dato said.

Nonetheless, given the bidding successes and record order book, HSL's Board of Directors has declared a first interim single-tier tax exempt dividend of 1 sen per ordinary share for 2017, payable to shareholders on 10 October 2017. The dividend entitlement date shall be 19 September 2017.

"HSL has proven to be a sound investment stock, offering reliable returns to our valued shareholders and continuous profitability every quarter since our listing in 1996," said Dato Paul Yu.

"Although projects in hand now stretch for several years, we are continuing to vie for new contracts where they suit our core strengths in marine and infrastructure works," he noted.

As for the property sector, for the 3-month period ended 30 June 2017, the revenue and net profit before tax were RM16.75 million and RM5.86 million compared to the previous year's corresponding quarter figures of RM10.80 million and RM3.24 million respectively.

"We are seeing the recognition of sales from new launches push up revenue, while profit margins are stable," said Dato Paul Yu.

Overall, the property sector contributed some 16 percent to Group revenue for the second quarter with new launches including a second phase of the Vista Industrial Park and Phase 6 homes at Samariang Aman 2.

Sales at HSL's flagship 200-acre La Promenade mixed development have also remained strong and the first of the high-end guarded and gated homes, Phase 1 of Precinct Premiere are due to be handed over next month. A second phase of Precinct Premiere is now being offered for sale, while construction of the premium super-link homes in the follow-up Precinct Luxe will finish at the end of the year.

In all, HSL Group currently has over RM340 million worth of property development projects ongoing and the sector is expected to further its impact on group bottom line going forward.

HSL's new high-rise office headquarters is also well underway at the La Promenade development with a move to the new premises anticipated in the coming year.

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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