

Productive Q3 for HSL

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KUCHING (Thursday) — Progress on the record RM3 billion order book of Sarawak-based marine engineering and infrastructure specialist Hock Seng Lee Berhad (HSL) has accelerated, producing sound results for the third quarter ending 30 September 2017.

“This quarter’s results reflect increased momentum on our mega projects and on the considerable number of new contracts we have in hand,” said HSL’s Managing Director Dato Paul Yu Chee Hoe.

Group net profit before tax for the current quarter reached RM15.11 million, an increase of 18 percent as compared to RM12.78 million for the immediate preceding quarter.

Similarly, Group revenue for the third quarter of RM126.33 million is up on the RM106.39 million achieved in the second quarter.

As at 30 September 2017, HSL had RM2.7 billion worth of works unbilled, having added some RM586 million in new projects over the first nine months of the year.

This is half a billion ringgit more revenue outstanding as compared to the end of the first nine months of 2016.

The ongoing mega projects are a section of the Pan-Borneo Highway and Package 2 of Kuching’s Centralised Wastewater Management System, while among the significant new contracts secured this year are a wastewater project for Miri, a collector road in Samalaju and educational institutions in Miri and Mukah.

Additional to this is the new project just announced on Tuesday for X-Fab, the world’s leading foundry group for analog/mixed-signal semiconductor applications.

Worth some RM56.6 million, the X-Fab project involves piling and building works for renovations and extensions to an existing 3-storey administration building with associated mechanical and electrical works and has a duration of 19 months.

“We are proud to have procured this contract in open tender, largely based on our superior vibration control management, which is critical in this project as the on-going high precision manufacturing activities of X-fab have a very low tolerance to any vibration during construction,” noted Dato Paul Yu.

The high tech X-Fab facilities located at Samajaya Free Industrial Zone, Kuching manufacture wafers for automotive, industrial, consumer, medical and other applications.

“We have had a good quarter in terms of both procurement and productivity,” said Dato Paul Yu.

The value of projects completed in the first nine months of 2017 is RM287 million.

Also notable this quarter, has been the strong contribution from the property development sector which has some RM287 million worth of projects ongoing.

The construction segment contributed RM98.75 million (78 percent) whilst the property development segment registered a contribution of RM27.58 million (22 percent) to the Group's revenue for the three months ended 30 September 2017.

Higher revenue for the property sector was recorded due to recognition of sales from new launches while profit margins remained stable.

The quarter saw completion of further phases of the Group's top selling property projects in Kuching. These included Phase 4 of Samariang Aman 2 and the first phase of the high-end gated residences of Precinct Premiere at the 200-acre flagship La Promenade mixed development.

As such, the keys were recently handed over to purchasers of the first bungalow and duplex homes at La Promenade, marking the establishment of the community at this pioneering guarded and gated development.

Property projects in Kuching due for completion by the end of this year are Highfields Phase 2B, the Eden Commercial Centre and Precinct Luxe homes at La Promenade.

In other news this quarter, the Group has expanded its corporate social responsibility (CSR) activities, undertaking an inaugural blood donation drive. It also remains supportive of the growing legion of staff runners who enjoy representing HSL in various charity runs, the Group Green Weeks and many other CSR initiatives.

"Looking ahead, the 18 percent rise in revenue and earnings between the second and third quarters is a pleasing trajectory and we expect this trend to continue into the final fourth quarter of 2017," said Dato Paul Yu.

For the nine-months to 30 September 2017, HSL Group earnings stood at RM42.93 million and revenue at RM337.90 million, sustaining an unbroken sequence of profitable reporting quarters ever since HSL's listing in 1996.

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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.

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