

HSL's order book at record RM3.3B

Earnings grow to RM40.6 mil for first half

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KUCHING (Thursday) - The value of projects in hand for Sarawak-based infrastructure company Hock Seng Lee Berhad (HSL) remains at an historical high of RM3.3 billion, while its net profit before tax is at RM40.57 million on the back of revenue of RM322.1 million for the first half of 2019.

This shows 9 percent and 13 percent increases respectively compared with the first half of 2018 when net profit before tax stood at RM37.39 million on the back of revenue at RM286.00 million.

Announced today, the company's second quarter results for the 3 months ended 30 June 2019 saw pre-tax earnings at RM21.81 million on the back of revenue of RM175.41 million.

This is an increase from the strong results of the second quarter of 2018. For the period ended 30 June 2018, pre-tax earnings were at RM18.85 million on the back of revenue of RM154.25 million.

"Earlier this week, we successfully bagged the RM104.51 million Jalan Sg. Bidut/Kpg. Tutus/Kpg. Sebedil/Kpg. Bungan Kecil, Sibul Division, roadworks contract from the State Government of Sarawak.

"This is on top of the Batang Paloh Bridge Project (Package 3 of Coastal Road Project) worth RM299 million secured in April 2019 and several smaller sized projects for buildings and bridge construction in Sibul which have now added a total of RM605.50 million worth of new projects to our books thus far in 2019," said Hock Seng Lee Berhad's Managing Director Dato Paul Yu Chee Hoe.

"We are very pleased to utilize our marine engineering expertise and large fleet of specialized equipment to undertake another significant roadworks project in Sarawak," he added, referring to the newly procured contract in Sibul Division.

The project is part of the RM6.05 billion allocated for rural development by the Sarawak government and will enable a better access route for several villages strung along the low-lying riverine terrain beside the Igan River.

The scope of works includes piling, earth and sand filling, geotechnical works, drainage and road pavement.

"This new project has tipped the value of projects in hand over the RM3.2 billion mark to RM3.3 billion, of which some RM2.5 billion is unbilled," said Dato Paul Yu.

These projects will keep HSL well occupied for several years, although selective procurement is ongoing.

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

"With our new projects and mega-projects progressing well, we are confident of further positive contributions to the earnings and net assets of the group," Dato Paul Yu added.

HSL's ongoing mega projects include Package 7 of the Pan-Borneo Highway contract and centralized sewerage works (tunneling) projects in Kuching and Miri, Sarawak.

Given the strong financial results coupled with bidding successes and a 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 2019, payable to shareholders on 10 October 2019. The dividend entitlement date shall be 19 September 2019.

As for the property sector, for the 3-month period ended 30 June 2019, the revenue and net profit before tax were RM24.03 million and RM6.85 million compared to the previous year's corresponding quarter figures of RM15.56 million and RM5.52 million respectively.

Dato Paul Yu noted that the property development sector, which had contributed some 14 percent to the group's revenue this quarter, expects a strong year with a variety of commercial, industrial and residential products on offer.

"Sales at La Promenade, HSL's flagship 200-acre mixed development along the Kuching-Kota Samarahan Expressway, have also remained strong especially with our latest launch of the gated and guarded residential estate Precinct Grande.

"We have RM340 million worth of property development projects ongoing so this sector will contribute further to the group's bottom line moving forward," Dato Paul Yu said.

HSL will also be launching its first commercial property in the La Promenade estate – retail and services mall called La Promenade Mall by end of this year.

Adjoining La Promenade Mall is HSL's new headquarters known as the HSL Tower, where premium office and retail space is now available for lease.

HSL Tower is expected to be the first privately owned building in Sarawak to attain the Green Building Index (GBI) certification.

"It is an exciting time for us at HSL as the group continues to see strong revenue flows from our construction sector as well as our property development sector.

"We are looking forward to moving into our vibrant new HQ this year and to enjoying further growth in 2019," he said.

The Group has also welcomed two new independent directors, Datu Sr. Sudarsono Osman and Datu Laura Lee Ngien Hion. These appointments bring further strength and depth to the existing Board and are in line with corporate governance best practices and the national development agenda. Both come with vast experience and are highly regarded in their respective profession.

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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