

HSL's 2019 revenue at all-time high

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KUCHING (Thursday): Hock Seng Lee Berhad (HSL) capped off a productive 2019 by posting record annual revenue, it announced today.

The Sarawak-based marine engineering and infrastructure specialist completed projects worth over 400 million ringgit during the 2019 calendar year including building works for a commercial cum office in Petra Jaya, construction works for the Balingian power station, roadworks in Samalaju as well as a variety of other infrastructure contracts.

Results for the year ended 31 December 2019 saw revenue rise to an all-time high of RM683.61 million while net profit before tax was at RM74.1 million. This translates to earnings per ordinary share of 10.05 sen.

Revenue for the year 31 December 2018 was at RM610.36 million while net profit before tax was at RM72.15 million.

"It has been a challenging year. Our margins, albeit under some pressure, remain among the best in the industry. Such accomplishment for a construction company is highly commendable and a testimony to the quality of our management as well as the niche market skills we possess," said HSL's Managing Director Dato Paul Yu Chee Hoe.

"We have tried our best to manage the numerous challenges including the overall weakening of global economic growth due to trade tensions, tight labour market, stiff competition for raw materials, fluctuating material costs, revision of minimum wage and disadvantageous foreign exchange. There may be further impact to construction cost due to the on-going national economic and political factors and HSL is taking steps to mitigate these unfavorable circumstances," said Dato Paul Yu.

In keeping with the sound 2019 annual results, the HSL Board has recommended a final single-tier tax exempt dividend of 1.4 sen per ordinary share pending approval at the forthcoming Annual General Meeting (AGM).

Added to the interim single-tier tax exempt dividend of 1.0 sen per ordinary share paid in October 2019, the cash dividend for 2019 will total 2.4 sen; the same as 2018.

"Our dividend pay-out ratios have been consistently in the vicinity of 20 percent over the past several years. This year, we hope to retain a sensible amount of capital in anticipation of major new project procurement," said Dato Paul Yu.

Some 12 projects were completed in 2019, while 16 new projects were procured. Geotechnical works for Batang Paloh Bridge Project and Jalan Sg. Bidut/Kpg. Tutus/Kpg. Sebedil/Kpg. Bungan Kecil projects were substantial new additions.

With the current value of projects in hand stands at RM3.3 billion of which RM2.2 billion is unbilled, HSL is kept busy. Knowing well that the value of order book is not in itself definitive of any company's success, HSL remains astute and prudent in our strategy to remain resilient in facing future challenges and uncertainty through good corporate governance, efficient work processes and a strong work ethics.

"As the Sarawak state government continues to emphasize on the infrastructure expansion especially in the rural areas, the Group will continue its prudent procurement effort taking into account our capacity, capabilities and competitive advantage and to be in line with the Government policies.

The property division which had contributed some 13.5 percent to the group's revenue for the year ended 31 December 2019 will continue with selective new launches in 2020.

The highly successful initial Samariang Aman development with almost 1,000 homes built is almost sold out and has now moved into the next phases of planning and development of Samariang Aman 3. Other new launches lined up for this year will include our high end residential property development at La Promenade's Precinct Luxe Phase 4 and Precinct Grande Phase 2," Dato Paul Yu said.

HSL's first commercial property in the La Promenade estate known as La Promenade Mall will also see its commercial operations commence in 2020. Adjoining La Promenade Mall is HSL's new headquarters known as 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.

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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