

HSL PROFIT DIPS IN Q2

Revenue From Construction Segment RM74.05mil, Property RM9mil

Note to ed: New MD profile pic attached. For immediate release at 12.30pm on Thursday 6 August 2020

Issued by Hock Seng Lee Berhad, Corporate Communications Dept.

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KUCHING: Hock Seng Lee (HSL) today announced financial results for the second quarter ended June 30, 2020. The company posted quarterly revenue of RM83.05mil, which is lower than the RM175.41mil achieved over the same period last year.

The construction segment contributed RM74.05mil, or 89% of the total revenue while property development recorded RM9mil. Net profit before tax for the current quarter is RM3.06mil and RM2.34mil respectively. For the same period a year-ago, pre-tax profit was RM14.96mil and RM6.85mil respectively.

The lower figures were attributed to Covid-19, with Q2 beginning at the height of the Movement Control Order (MCO). The recovery phase of MCO only began on June 10.

As a result, HSL, like the rest of the industry, had just about two weeks of full working days.

The Board has decided not to declare any interim dividend as a prudent measure in view of the pandemic to preserve our cash reserves to sustain on-going operations.

The final single-tier tax exempt dividend of 1.4 sen per ordinary share for the financial year ended December 31, 2019, was paid on July 24 recently, as approved by the shareholders at the Annual General Meeting held on June 18, 2020.

No major contracts were secured in this quarter. Nevertheless, the company is actively participating in tenders and procurement initiatives that relate to its core businesses.

“Despite a quarter of limited construction activities, HSL is able to record revenue and profits in these uncertain times. This prolonged public health emergency has thrown up many challenges but the company is moving on. The moment RMCO started, we resumed work,” managing director Dato Paul Yu Chee Hoe said.

Barring no further lock down, Q2 may have seen the worst in terms of productivity, and the company's challenge now is “on how to manage projects efficiently”, Yu said.

Disruption to the supply chain is still an issue but labour challenges are far more impactful.

“Labour shortage is a continuous problem. Now, we can say, it's become even more acute. Worksites have all reopened and companies are fighting to hire from the same pool of workers resulting in higher salaries. Our priority now is to maintain the fundamental and substratum of our business operations. This period is

characterised by low productivity, high expenses. The current travel restriction to other divisions also impacted our workflow as projects are throughout Sarawak.”

Uniquely, HSL has built its own quarantine centre for workers. The company is working closely with federal and state authorities on Safe Operating Procedure (SOP) and to gain approval.

Yu said the management was concerned about recent Covid clusters among Sarawak’s construction sites and engineering consultancies.

“We strictly follow all the authorities’ rules. We have also drawn up additional SOP procedures. We have sent employees to Covid screenings even when they are outside of contact tracing parameters. What we really don’t want is any more disruption due to shutdowns.”

Yu said there would be no pre-pandemic levels of efficiency for the foreseeable future until a vaccine is found and widely available. “Momentum is picking up slowly. We are presently working at about 60% of our capacity, whereas at the start of RMCO, we were at 30-40%.”

On property, revenue was mainly derived from sales efforts before MCO but finalised during the quarter. The company is banking on better property numbers from new affordable houses at the expanded Samariang Aman, which was launched in July 2020.

On a related matter, HSL moved into its new Green Building Index headquarters on July 20. The 10-storey HSL Tower is a landmark at the midpoint of Kuching’s established city centre and the fast-growing Samarahan smart township.

The multi-disciplinary construction specialist’s new office is between Kuching International Airport, Sama Jaya High Tech Park, two public universities, a golf club, a highly reputable heart centre and the extended Tabuan Jaya commercial area.

HSL Tower is the first commercial development within the firm’s flagship La Promenade, which totals 200 acres. The gated residences portion, at 160 acres, is one of the largest of its type in east Malaysia.

The three-storey La Promenade Mall which adjoins HSL Tower, opens year-end. A fourth floor of the complex comprises office suites for long-term lease.

For more info, visit hsl.com.my.

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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, visit www.hsl.com.my

PRESS RELEASE



HOCK SENG LEE BERHAD
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Photo Captions:

Photo 1: HSL Group Managing Director Dato Paul Yu Chee Hoe.

Photo 2: The company started operating out of HSL Tower on July 20, while La Promenade Mall will open year-end.

Photo 3: The security face scanners at the office entrance of HSL Tower and La Promenade Mall can also detect body temperatures and check masks usage.

Photo 4: Workers listening to HSL occupational health and safety officer Charles Lee during a Covid-19 briefing recently.