

HOCK SENG LEE REPORTS SECOND QUARTER RESULTS

Labour Inconsistency And Knock-On Effects Of Pandemic Lessens Productivity

Issued for immediate release at 12.30 pm on 23 September 2021

Issued by Hock Seng Lee Berhad, Corporate Communications Dept.

Media Enquiries: Augustine Law Tel: 082-502299 / 012 887 3200

KUCHING: Hock Seng Lee (HSL) today announced financial results for the 2021 second quarter ended June 30. The Group posted pretax profit of RM11.9mil from revenues of RM142.79mil.

Construction activities contributed the bulk at RM114.48mil, which is 80% of revenue. Property development delivered RM19.5mil.

The preceding year's same quarter pretax profit was RM5.4mil with revenues of RM83.05mil while the pretax profit was RM12.23mil with revenue of RM159.5mil for the first Quarter of 2021.

Momentum picked up in the first quarter of 2021 has, again, been disrupted by high Covid-19 infection cases resulting in movement control orders. Sarawak is experiencing a new wave with daily highs since early July. On Sept 12, 5,291 positive cases were reported in Sarawak, the highest in the country.

The high infection numbers remain a great challenge in opening up the economy and allowing uninterrupted business operations. It has caused much disruptions, logistic difficulties, and chiefly, human resources complications.

Managing director Datuk Paul Yu Chee Hoe said that the situation has impacted the construction sector's timetables and productivity greatly.

"Putting aside this year's exceptionally inclement weather, the continuing situation of high daily Covid cases in Sarawak is hampering on-site work. The high cases are jeopardising employers and employees' confidence," Yu said.

"There's a knock-on effect, a chain reaction. Supplies are affected. Both interstate and intrastate transportation are daily issues, resulting in more extensions-of-time needed. This increases costs and narrows profit margins."

The managing director said there was now a smaller pool of small and medium enterprises to work with. "It's been 20 months or so since the pandemic. Many SMEs have gone bust. There is a narrower range of subcontractors and specialists to choose from compared to 5 or 10 years ago."

Like other labour intensive industries, there is a serious shortage of workforce consistency. With closed borders plus lengthy procedural constraints, the issue would not be resolved anytime soon, Yu said.

High commodity prices also continue to impact the industry. Yu noted metal prices like aluminium remained high. Major producers including the Malaysia Smelting Corp Bhd are operating at below full capacity due to safety measures and control movement orders.

Similarly, HSL is working under strict compliance to Safe Operating Procedures, and has not been able to maintain the level of business activities of recent years.

“For the foreseeable future, work will have to be carried out under challenging circumstances,” Yu said.

HSL’s focus now is to work on replenishing its order book, which is ongoing, while at the same time manage jobs on hand as efficiently as possible given the circumstances. Its mega projects including Miri Wastewater is almost finished, while the Work Package Seven of Pan Borneo Highway has reached two-thirds complete.

In the property segment, HSL would continue to focus on affordability, giving priority to its Samariang Aman 3, launched mid last year, where more than half of units are the more affordable single-storey houses.

HSL will also continue its Rent-To-Own (RTO) campaign for Vista Industrial Park, which comprises semi-detached and detached two-storey industrial lots near the Sama Jaya High Tech Park.

At its La Promenade Mall, part of HSL’s flagship 200 acres high-end gated community, all tenants are on food delivery platforms and use e-wallet platforms as standard during the no dine-in period.

The results followed the Group’s 40th Annual General Meeting today at HSL Tower in Kuching. The AGM was originally slated for June 18 but postponed following the Movement Control Order.

At the AGM, all resolutions were approved by shareholders and directors who retired by rotation were re-elected. It was seen as a mark of confidence in the present board’s ability to lead the company through the pandemic.

#END#

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