

HSL's 9-month earnings at RM84.3m

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KUCHING (Thursday) — Sarawak-based marine engineering and infrastructure specialist Hock Seng Lee Berhad (HSL) has achieved good progress during a busy third quarter of 2013.

The three months ended 30 September 2013 has been one of overall steady progress for HSL Group with fundamentals remaining sound.

“Our margins have been sustained at a high level reflecting our specialist skills and, as our many new projects progress, we hope to finish the year strongly, in spite of the current *landas* (rainy) season,” HSL’s Managing Director Dato Paul Yu Chee Hoe said.

Also noteworthy is the increase in contribution to HSL Group bottom line from the successful property division, a trend that is likely to continue given the development plans being rolled out.

“The construction sector has a number of major projects in their start-up phases putting some constraints on revenue and earnings recognition over the reviewed quarter, but this timing issue should even out over the next six months,” said Dato Paul Yu.

“Profit before tax for the nine months up to 30 September 2013 was at RM84.30 million against RM86.53 million at the same three-quarter year mark in 2012,” Dato Paul Yu said.

HSL Group added net profit before tax for the third quarter 2013 of RM27.98 million as compared to RM30.39 million for 2012’s corresponding three-month period.

Revenue for the three months ended 30 September 2013 stood at RM130.12 million against RM152.24 million for the same period of 2012. For the nine-month period of 2013, revenue has accumulated to RM405.57 million against RM443.16 million at the same point in 2012.

“We have been very busy during the quarter and claimable progress will be reflected as we head into next year,” Dato said.

Dato explained that the new projects spanned the length of Sarawak hence more time was required for mobilization and site office establishment before projects gained momentum.

Among the new contracts procured this year and in their commencement phases are 5 road works projects, 4 water-related engineering projects (water supply, treatment plants and pumping stations), a multi-storey office block and other infrastructure and reclamation works.

Some one-third of the new works were in the Sarawak Corridor of Renewable Energy (SCORE) growth node towns of Samalaju and Tanjung Manis.

Looking ahead, Dato highlighted that the Sarawak government had this month announced that 72% of the total state budget 2014 would be channeled into development programmes, that is RM4.28 billion.

Added to federal infrastructure funding for Sarawak, there is clearly continued focus on developing the state. In his 2014 budget speech last month, the Prime Minister spoke of federal allocations for Samalaju Industrial Park and the Halal Hub (Tanjung Manis) in SCORE and RM500 million for the Pan-Borneo highway upgrading.

Activity in the SCORE region is gathering speed with some new heavy metal facilities reaching full production capacity and more foreign investors seeking to set up.

“The SCORE administrators are accelerating ground implementation of necessary infrastructure to meet the requirements of these investors and this generates opportunities such as access roads and water supply projects for HSL,” pointed out Dato Paul Yu.

Dato also revealed that HSL in consortium was in the advanced stages of presenting its bid to the state authorities for Package 2 of the Kuching Centralised Wastewater Management System.

“With Package 1 now in the final property connection phase and given our mastery and ownership of tunnel boring machines, we believe we have the available resources and technical merit to be a key contender for Package 2,” said Dato Paul Yu.

“Centralised sewerage is an essential service to a city and with the Wastewater Treatment Plant now completed and commissioned, it is incumbent on the authorities to make full use

of its capacity by extending the sewer network beyond Kuching's Central Business District," Dato added.

The project is essential to alleviate the escalating pollution of the city's waterways, particularly the iconic Sarawak River which is a feature of Kuching's main tourist precinct.

Under the existing system, Kuching's grey water from kitchens etc, runs untreated to the rivers, while black water from toilets goes to septic tanks. The new system treats both grey and black wastewater and processes it to Standard A effluent, safe for recreational use and healthy discharge to the rivers.

"Waste water management, flood mitigation, rural water supply – these are all growth areas for HSL as they are in demand and draw on our core strength of marine engineering," said Dato Paul.

HSL currently has some RM2 billion worth of projects in hand of which RM1.2 billion is outstanding. Several project bids are also awaiting outcomes including infrastructure works in the SCORE area.

HSL remains debt free and is thus well-poised to cope with further major contracts if its pending bids are successful.

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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