

Solid Q3 for HSL

PBT of RM21.8m for third quarter of 2016 / Order book up RM1B y-o-y

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KUCHING (Thursday) — Sarawak-based marine engineering and infrastructure specialist Hock Seng Lee Berhad (HSL) has achieved sound progress across its sizeable project order book for the nine months up to 30 September 2016.

The company announced today that third quarter results for the three-month reporting period ended 30 September 2016 put pre-tax profit at RM21.82 million on the back of revenue at RM136.03 million.

For the nine-month period ended 30 September 2016, cumulative figures recorded pre-tax profit at RM59.49 million from revenue of RM385.34 million.

“Our teams are to be commended for maintaining our continuous profitability, ensuring earnings are generated from a diversity of contracts across the state to counter the outgoings required to get major new projects off the ground,” said Dato Paul Yu Chee Hoe, HSL’s Managing Director.

“We have completed several contracts recently including road works for Tanjung Manis Halal Hub and we are steadily working through the early planning and preparation stages of our mega-projects.

“Physical work has begun on the section of the Pan-Borneo Highway we are undertaking, while the second package of Kuching’s Centralised Wastewater Management System is in the preliminary analysis and investigative stage”, said Dato Paul Yu.

“Higher operating costs and the minimal recognition of earnings streams from the significant projects secured in the first half of 2016, have slightly impacted on the strong margins and growth rates enjoyed in recent years.

“However, we are picking up pace with both revenue and earnings improving this quarter compared to the immediate preceding (second) quarter of 2016,” he added.

“We will be looking at substantial progress claims in the coming year, but at the current reporting period we are not quite up where we were in 2015,” he noted.

For the third quarter of 2015, net profit before tax stood at RM23.66 million on the back of revenue of RM158.44 million while the profit before tax for the nine months up to 30 September 2015 stood RM72.82 million from revenue of RM494.50 million.

On the upside, HSL is enjoying record orders. As at 30 September 2016, the Group had RM2.6 billion worth of projects in hand of which RM2.2 billion was still outstanding.

“This is RM1 billion more than we had on the books at the same time last year,” said Dato Paul Yu.

As at 30 September 2015, the Group had RM1.6 billion worth of works in hand of which RM770 million remained unbilled.

“At this juncture last year, we had expressed optimism that our technical capabilities in marine works, road building and infrastructure would stand us in good stead to procure major projects on the government development agenda and that has been borne out in the substantial growth of our order book since then,” Dato Paul Yu added.

The Group secured new works worth some RM1.9 billion in the first nine months of 2016.

Meanwhile, HSL’s property sector, under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd, will open a new Hollywood Regency themed show home this weekend. The opening of the 2800 sq ft duplex villa will be in conjunction with the release of the second phase of guarded and gated homes at “Precinct Premiere”, part of its landmark 200-acre *La Promenade* mixed development project near Kuching.

Launches for new residential products at other top-selling estates including *Highfields* at Batu Kawa and *Samariang Aman 2*, both in Kuching, are also expected within the next few months, while sales of Vista Industrial Park (VIP) industrial lots near Kuching have continued to be strong.

With various residential, commercial and industrial lots projects ongoing and in the pipeline, the property sector is slated for further growth and an increasing contribution to Group revenue.

Looking ahead, HSL will remain occupied by its large order book and strive to be in a position to submit more significant progress claims on its new mega-projects.

“We will still seek out additional works which suit our skill set with opportunities expected to be driven by the urbanization pressure on our cities and the industrial development of the Sarawak Corridor of Renewable Energy (SCORE),” said Dato Paul Yu.

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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.*