

# Profitable first quarter for HSL

*Net cash dividend of 15% for 2013*

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KUCHING (Thursday): Sarawak-based marine engineering and infrastructure specialist Hock Seng Lee Berhad (HSL) has recorded net pre-tax profit of RM22.03 million on the back of revenue of RM116.03 million for the first quarter of 2014.

This commendable performance continues the strong results of 2013 and led to the Board's recommended final ordinary dividend of 9 per cent (single tier) being approved at HSL's Annual General Meeting (AGM) held in Kuching today.

Added to the interim dividend of 6 percent net paid in October 2013, the cash dividend for 2013 will total 15 percent net. This equates to the same return as for 2012.

The final dividend shall be payable on 23 June 2014 with the entitlement date set for 9 June 2014.

"Our dividend payout ratios have averaged 20 percent over the past five years which reflects both our sound financial performance as well as our readiness to share our success with our valued shareholders," said HSL's Managing Director Dato Paul Yu.

On the results, Dato noted that there was still some impact from the high rainfall and festive period early in the year although having several major new projects in their commencement phase was the main reason for earnings being below the RM26.08 million achieved in the first quarter of 2013.

Dato elaborated that the three month period up to 31 March 2014 has seen certain key contracts in their mobilization and sub-structural stages.

"These are technically crucial, time consuming stages involving the establishment of access in often adverse site conditions and then ground treatment and foundation works," Dato noted.

Having enjoyed considerable procurement success in 2013, HSL presently has more than 30 ongoing projects worth over RM2 billion (RM1.3 billion revenue remaining) and stretching across the whole state of Sarawak. Some one-third are related to the SCORE (Sarawak Corridor of Renewable Energy) development.

"In fact, most of the recent contracts secured are located in the SCORE growth node towns of Samalaju and Tanjung Manis," said Dato Paul Yu.

These contracts involve access roads and water-related engineering works which are vital infrastructure requirements for the multi-national heavy industries operating and setting up in SCORE.

This vast central swath of Sarawak is seeing investments in aluminium and other metal-based industries, a Halal food hub, seafood processing, ports, ship building, palm oil refining and other biotech and heavy industries.

As at the end of the first quarter of 2014, HSL remains debt-free with a financial capacity that enables a competitive advantage in procurement and provides a platform to take on large contracts or even offer financing or deferred payment terms.

HSL has returned profits every reporting period since its 1996 listing on Bursa Malaysia's main market and continues to command a dominant position in the much-sought after niche field of marine engineering works in Sarawak.

Looking at the year ahead, Dato Paul Yu said the company expected the start-up phases of new works would continue to dampen progress in the first half. At the same time, he anticipates further contract wins with significant projects bids pending outcomes or in the later rounds of negotiations.

"We are also hopeful of securing several other water-related and general infrastructure contracts which are in the bidding stages," he added.

Meanwhile, the wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd which is involved in property development reported rising sales for the three months ending 31 March 2014.

Revenue and net profit before tax for the first quarter increased to RM8.17 million and RM2.51 million from 2013's corresponding quarter's figures of RM7.72 million and RM2.29 million respectively.

The first release of the high-end *Botanika* residential units at Batu Kawa in Kuching has sold out with the second and final release now selling. The new 'Bayu' units at HSL's signature *Samariang Aman 2* in northern Kuching are also selling strongly with the previous "colonial" units sold out.

The second half of 2013 is expected to see ongoing sales of these products as well as commercial units at the *Eden Centre*; all in Kuching. The highlight, later in 2014, will be the launch of HSL's premium gated community *La Promenade*.

"Our modern bungalow show home is now under construction and we are undertaking landscaping works involving a signature pine-tree lined promenade, advanced security systems and a man-made lake," said Dato Paul Yu.

"We see our property development sector as having an increasing contribution to the group in the years ahead," he added.

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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, Bloomberg code HSL MK).*

**For further information see: [www.hsl.com.my](http://www.hsl.com.my)**