

PRESS RELEASE

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GEORGE KENT 3RD QUARTER RESULTS ARE CREDIBLE

PUCHONG, 18 DECEMBER 2019 – George Kent (Malaysia) Berhad (“George Kent” or “the Group”) today announced a credible set of 3rd Quarter financial results for the financial year ending 31 January 2020 (“FY2020”).

The Group achieved a revenue of RM72.9 million and profit after tax of RM10.3 million in the third quarter of FY2020.

These results are credible considering the substantially lower revenue and contribution from the Engineering & Construction division. This demonstrates the robustness of the Group’s businesses.

Dividend

The Directors have declared a second dividend of 1.0 sen per share for FY2020 (FY2019: 1.5 sen per share), payable on 5 February 2020 to shareholders whose names appear in the Record of Depositors on 9 January 2020, being the Book Closure Date (“BCD”).

On the assumption that as announced to date, the Treasury Shares of 26,102,900 (which are not entitled to dividends), remained the same as at BCD, the dividend payout on 537,166,165 shares will amount to approximately RM5.37 million (FY2019: RM8.11 million on 540,837,799 shares).

In Ringgit term, the two interim dividends will total RM13.44 million (FY2019: RM19.22 million) for FY2020.

Water Meter Business

The Group signed a long-term license agreement with Honeywell on 28 June 2019 to manufacture high-precision water meter measuring components and exclusively sell these water meters to 26 territories, including 15 new territories in the Asian region. This Agreement enables the Group to have control over the component supply and production costs. Production in stages will commence soon.

The Group is looking to expand its product portfolio to encompass the complete range of meters. Its proprietary Automated Meter Reading technology is being implemented through proof-of-concepts and pilot projects with state water authorities. In September 2019, the Selangor water authority contracted the Group to supply, deliver and install 5,540 water meters fitted with the Group’s Smart Metering solution for a six-month pilot test. Delivery and installation are almost complete. This pilot project is a key stepping stone in the commercialisation of the Group’s Smart Metering solution in the coming years. Potential growth from Smart Metering is significant, given the Group’s status as the first mover and market leader in the Region.

The abovementioned initiatives will improve profitability, in line with the Group's long-stated Strategic Plan to broaden its income base.

Construction Business Fundamentals Intact

Income recognition from the Engineering & Construction division is substantially reduced temporarily due to reduced pace of work. However, this is expected to pick up in the next financial year.

The Group continues to develop new opportunities in the Regional railway space, leveraging on its expertise as rail systems specialist in domestic railway projects. The Group's established network with international rail specialists will assist it in tapping into Regional projects requiring international collaborations through joint ventures or strategic alliances.

The Group will further accelerate growth by substantially increasing its investments in rail and water related projects through M&As and strategic partnerships.

Chairman's Statement

Commenting on the Group's performance, Chairman Tan Sri Dato' Tan Kay Hock said:

"These results are credible, in view of the substantially lower revenue and contribution from our Engineering & Construction division. This demonstrates the robustness of our businesses.

"Our long-term license agreement with Honeywell enables us to sell water meters to 15 new territories in Asia and gives us control over our component supply and production costs. The Group's proprietary Automated Meter Reading technology is being implemented through proof-of-concepts and pilot projects with state water authorities. These initiatives will help to enhance our profitability.

"We will further accelerate growth by substantially increasing our investments in rail and water related projects through M&As and strategic partnerships. We continue to leverage on our expertise and experience as a Rail Systems Integrator to actively pursue railway opportunities in the Region. Similarly, with the successful completion of over 30 water infrastructure projects in the last 26 years, the Group is well-positioned to explore opportunities arising from the Malaysian Government's drive to resolve the country's non-revenue water issue."

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About George Kent (Malaysia) Berhad

George Kent is an established engineering and metering company in the water infrastructure, rail transportation and hospital construction industries. The Company specialises in the turnkey construction of water infrastructure and hospital projects, system works for rail transportation, and operation and maintenance of water treatment facilities.

Known for proven engineering excellence, George Kent has a strong track record of successfully completing high-value and technology-critical projects. The Company also manufactures and supplies water metering products and solutions for household, industrial and plant use. It operates one of the largest hot brass-forging plants in Southeast Asia for the production of internationally certified water meters, and supplies to water authorities in Malaysia and in the ASEAN region.

For more information, please visit www.georgekent.net.

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