

Earnings up for Hock Seng Lee

Total of 14 sen dividend for 2006

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Media Enquiries: Sonja Gan / Augustine Law Tel: 082-332755 / 012-8873200

KUCHING: Annual financial results for Sarawak-based marine engineering specialist Hock Seng Lee Berhad (HSL) saw earnings continue to rise with further positive impact on the Group's bottom line expected in the year ahead from Ninth Malaysia Plan projects.

The Group achieved a pre-tax profit of RM48.17 million with revenue of RM260.56 million for the year ended 31 December 2006. The corresponding figures for the previous year, 2005 were a pre-tax profit of RM44.79 million on revenue of RM290.35 million.

Announcing the financial results Group Chairman Datuk Mohamad Taha Ariffin also disclosed the Board's recommendation for a final ordinary dividend of 7 sen less tax.

"The Board continues to reward our loyal investors and ensure that our success is reflected in their returns. At the same time, we make certain that sufficient capital is retained to bid for projects with flexible payment options and to spur our future growth," said Datuk Taha.

The pre-tax final ordinary dividend of 7 sen together with the interim dividend of 7 sen per share paid on 6 October 2006, would bring the total dividend for 2006 to 14 sen.

"This means our investors are getting top returns with the total dividend for 2006 comparing favourably with the sound yields of recent years," said Datuk Taha.

HSL paid out a total of 13 sen per share for the year 2005 and 12 sen in 2004.

On the financial results, Datuk Taha said the management is to be lauded for the further gains in operational efficiency in a year of technical and logistical challenges, with diverse projects spread across different localities.

"Strengthening margins over the past couple of years are evidence of the great effort put into reviewing our operating policies and practices at all levels," Datuk Taha noted.

"We have over three decades in the business and 2006 marked our tenth anniversary as a public listed company. We draw on our vast experience to ensure the optimum deployment of machinery and staff, the careful selection and management of sub-contractors and the tight control of material procurement," said Group Managing Director Mr Paul Yu Chee Hoe.

HSL procured nine new projects during 2006 and successfully completed eleven projects, with RM900 million being the approximate value of projects in hand as at end December 2006.

On the outlook for 2007, Mr Yu noted that new projects include a variety of earthworks, reclamation works, drainage, construction works, roadworks, building construction works as well as property development projects.

Two major roads in Samarahan Division, namely Ensengi Road and the Samarahan Expressway are underway as are major infrastructure and construction works for a large staff housing and recreation amenities project for a local statutory body.

Other projects also recently started are Jalan Sedi-Semop and external infrastructure works for a granary both in Mukah Division, earthworks and civil works for Institute Kemahiran MARA in Bintulu and flood mitigation works in Miri, Sarawak.

“We are beginning to feel the impact of the Ninth Malaysia Plan (9MP) projects and expect recognition of these becoming apparent in 2007 and beyond,” said Mr Yu.

“HSL is set to undertake several new 9MP water-related engineering contracts and with its combination of strong technical, human and financial resources expects to participate further in the construction and upgrading of infrastructure particularly roads and bridges in Sarawak,” he added.

Meanwhile, the Group’s property development sector has established itself as a builder of quality, stylish, value-for-money homes.

Group revenue from property development rose to RM34.1 million for the year 2006 from RM20.6 million in 2005.

The popular 642-unit residential development of “Samariang Aman” in Kuching’s north is now at Phase 4 while other current projects including “Highfields” at Batu Kawa and the soon-to-be launched “Lavender Hills” at 13 ½ mile Kuching-Serian Road.

In 2007, HSLC will make its debut in the Sibu residential market with the launch of “Vista Parade”, a high quality housing estate in the Bukit Lima area.

With the Group’s present land holdings having increased to some 600 acres, there are many more property development projects planned.

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