

HSL declares 8 sen interim dividend

Issued for immediate release at 12.30 pm, Thursday 16 August 2007

Issued by Hock Seng Lee Berhad, Corporate Affairs Dept.

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

KUCHING — The Board of leading marine engineering and infrastructure company Hock Seng Lee Berhad (HSL) has declared an 8 sen interim dividend after earnings growth continued during the Group's first half for 2007.

Datuk Taha Ariffin, Chairman of HSL, announced that the first interim ordinary dividend of 8 sen per share less tax at 27% would be payable to shareholders on 8 October 2007. The dividend entitlement date shall be 14 September 2007.

"This augurs well for an excellent yield for 2007," said Datuk Taha.

HSL paid out a total of 14 sen for the year 2006 comprising a 7 sen interim dividend in October 2006 and a final dividend of 7 sen per share. The total dividend for 2005 was 13 sen per share.

"We have had an exciting first half this year, replenishing our order book with the procurement of some RM400 million worth of new projects and bringing the total value of projects in hand to RM930 million," said Datuk Taha.

Among the new projects procured are mass reclamation and infrastructure works in Tanjung Manis, flood mitigation works in Miri, various road works and construction works for housing and educational institution projects.

"As always, we like to share our success with our valued shareholders and hence we continue to be providing excellent returns," he added.

At the same time, the Group is retaining healthy cash reserves to ensure it is well positioned for expansion and able to offer flexible and innovative financing terms when bidding for major projects.

HSL Group's first half net profit before tax for the six months ending 30 June 2007 rose to RM24.50 million from RM21.98 million for the first six months of 2006.

Net earnings for the second quarter ended 30 June 2007 have also increased against both 2006's corresponding quarter and the immediate preceding quarter of 2007.

HSL's net profit before tax for the second quarter is RM13.47 million compared to RM11.69 million for the second quarter of 2006. The net profit before tax of the Group was RM11.03 million for the first quarter 2007.

Commenting on the sound results, Managing Director Paul Yu Chee Hoe said, "We are enjoying consistent strengthening of our margins and I am very aware that HSL staff deserve high praise for their advances in productivity and ongoing implementation of improved work practices."

"It is also gratifying that we are able to secure projects of higher value and continue to leverage on our land reclamation and marine engineering experience.

"With many projects in their demanding start-up phases now, we can expect revenue to pick up as we head towards and into 2008," he added.

The revenue of the Group for the quarter under review is RM62.78 million up from RM59.64 million for the first quarter 2007 and bringing the half year total revenue to RM122.42 million.

"We are seeing the impact of the Ninth Malaysia Plan kicking-in for Sarawak with major infrastructure work taking off.

"We are confident of strong growth as we are bidding for numerous Ninth Malaysia Plan projects including some RM1 billion worth of projects for which procurement is in the advanced stages. These include a waste water management project for Kuching, flood mitigation works in Sibü, a housing project and an educational institution in Bintulu among others," said Mr Yu.

HSL's marine engineering capabilities are in strong demand and its fundamentals are consistently sound and prudently managed, auguring well for its increasing role in Sarawak's accelerating industrialization.

The property sector is continuing its steady performance with the second quarter witnessing the handover of 236 homes for *Samariang Aman* Phase 2 and 53 homes for *Highfields* Phase 1, while there will be new launches of residential property in the second half of the year both in Kuching and Sibü.

The sector, under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd contributed some 23% to Group turnover over the first six months of 2007 up from a 15% contribution for the same period of 2006.

"We have plans for our existing 600 acre land bank and will continue to deliver innovative value-for-money housing at strategic locations," said Mr Yu.

END