PRESS RELEASE

HOCK SENG LEE BERHAD (045556-x)

HSL records strong annual results

Bumper rewards for shareholders

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KUCHING (Monday): Released today in Kuching, annual 2010 financial results for marine engineering specialist Hock Seng Lee Berhad (HSL) saw new highs in earnings and revenue figures.

HSL Group posted RM488.26 million in revenue for its financial year ended 31 December 2010, up 30 percent from the RM375.02 million recorded for the 2009 financial year.

Net annual profit before tax for HSL Group also surpassed the record high of the previous year to reach RM98.42 million. The Group recorded earnings of RM75.57 million in 2009 and RM56.46 million in 2008.

"We have achieved outstanding financial results for 2010 and surpassed the consensus estimates of financial analysts," said HSL Group Chairman YB Senator Dato' Idris Buang.

Dato' Idris also announced that for the year 2010, the Board has recommended a final ordinary dividend of 6 percent and, to celebrate the excellent results, a special dividend of 3 percent, both less tax at 25 percent, pending shareholder approval at the upcoming Annual General Meeting.

On top of the gross interim dividend of 6 percent per share paid in October 2010, the total dividend for 2010 will be 15 percent, up from 12 percent in 2009.

Stakeholders with HSL have certainly enjoyed a bumper year in returns as last quarter the Board of HSL also announced distribution of a portion of its Treasury Shares as Share Dividends. On 29 December 2010, shareholders were rewarded on the basis of one treasury share for every 50 (fifty) ordinary shares of RM0.20 held.

After the exercise, 27,742,658 treasury shares remain held by the company, giving the Board options to further reward stakeholders in the future.

"We are proud to have maintained an upward trend in our earnings for the past decade and we continue to share this success with our loyal shareholders by paying out among the best dividends in the industry," said Dato Idris.

On other financial indicators, HSL is also a top performer. Return on Equity for 2010 is at 23 percent up from 21 percent in 2009, while the strong results have seen Earnings Per Share grow from 10.25 sen for 2009 to 13.40 sen for 2010.

The Group also has no borrowings, commanding a net cash position of some RM90 million while being heavily invested in specialised marine plant (such as dredgers, tugboats and barges), road building equipment, cranes and tunnelling machinery.

With the accelerated pace of construction activity across its home state of Sarawak in East Malaysia, the Group has experienced successful procurement outcomes and the doubling of its order book in the past three years. HSL procured RM532 million worth of new contracts in 2010.

During the same period, the Group completed eleven projects worth RM318 million; an increase from the RM200 million completed in 2009.

The completed works included construction of educational institutions, road works at Panchor, Tanjung Manis and Samariang, earthworks at Muara Tebas, dredging and flood mitigation works in Sibu as well as property development projects Samariang Aman Phase 4, Kuching and Vista Parade, Sibu.

"Our strong order book replenishment rates reflect our competitive advantage in our niche fields of marine and civil works," said Dato' Idris.

As at 31 December 2010, the Group had 28 projects in hand valued at RM1.95 billion with RM1.20 billion outstanding.

"There is a concerted effort by our leadership to hasten the industrialization process in Sarawak and we are honoured to have the opportunity to participate in this exciting period of growth for our State," said Dato' Idris.

Projects in the Sarawak Corridor of Renewable Energy (SCORE) are expected to intensify during 2011 with commencement of several major road and bridge construction contracts to the proposed hydroelectric dams and to a coal mine in Kapit.

Aside from these projects, HSL will pursue further packages of the Kuching Centralised Wastewater Management System project, flood mitigation projects in Sibu and Kuching and additional reclamation and infrastructure works, particularly in the booming Tanjung Manis – Mukah area.

The latter zone in central Sarawak is earmarked as one of the main growth nodes of SCORE with the Halal food hub, seafood processing, ports, ship building, palm oil refining and an airport extension all fuelling upcoming new contracts.

HSL is familiar with the logistics of the area and with applying its reclamation and geotechnical capabilities to overcome the predominantly swampy conditions there.

"We therefore feel well-qualified for the big ticket projects expected there," said Dato' Idris.

"In 2011, we will bid for projects throughout the State, not just in the central SCORE region, but also along our populated coastline where urbanisation is creating pressure on infrastructure.

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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