



HSL starts year strongly

Q1 PBT up 29%

Issued for immediate release at 12.30pm on Wednesday 25 May 2011

Issued by Hock Seng Lee Berhad, Corporate Affairs Dept.

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

KUCHING (Wednesday): SARAWAK-based infrastructure and marine engineering specialist Hock Seng Lee Berhad (HSL) has had another quarter of strong growth.

The Group's profit before tax for the quarter ended 31 March 2011 rose 29% to RM23.54 million from RM18.20 million recorded for 2010's corresponding quarter.

Revenue for the first quarter also bettered last year's corresponding period increasing 34% to RM123.63 million from RM92.41 million achieved during the same period of 2010.

"Our sustained pattern of commendable growth reflects the buoyancy of the construction industry in Sarawak and the need for infrastructure development across our home state's extensive land area," said HSL's Managing Director Dato Paul Yu Chee Hoe.

"This set of results starts us on a trajectory to achieving another successful year," said Dato Paul Yu.

The Group Managing Director made his remarks following HSL's Annual General Meeting in Kuching today in which all resolutions were approved by shareholders including the final ordinary dividend of 6 percent per share plus a special dividend, in light of the strong results, of 3 percent per share, both less tax at 25 percent.

The dividends will be payable on 16 June 2011 and added to the 6 percent gross interim dividend paid out in October 2010, the total dividend for 2010 will be 15 percent less tax.

In December 2010, HSL also undertook a one-for-fifty share dividend exercise and it still holds some 29.29 million treasury shares which it can utilize for further exercises.

"We continue to share our success with our stakeholders and our returns remain among the highest in the industry," said Dato Paul Yu.



To date, this year has seen the group procure an additional RM108 million in new jobs comprising road works in Kuching, Bintulu and Mukah and infrastructure works and reclamation contracts in Tanjung Manis and Samarahan.

During the same period, 2011 has seen the Group complete projects worth RM438 million including, infrastructure works for industrial estates in Samarahan and Tanjung Manis and a technical training centre in Bintulu.

HSL's order book currently stands at RM1.6 billion, of which some RM1.1 billion is outstanding. Package 1 of the Kuching Centralised Waste Water Management System project is the largest of the ongoing contracts.

"At the present time we are pursuing over RM1 billion in new works including roads for SCORE, the port extension and further infrastructure projects in Tanjung Manis, Mukah airport works, flood mitigation works in Sibul and Kuching and the second package of the Kuching centralized sewerage project," said Dato Paul Yu.

Dato Paul Yu also noted the recent signing of Power Purchase Agreements with foreign industries at Samalaju and the subsequent surge in demand for construction works at what is one of the three growth nodes of SCORE.

Meanwhile, in the other two growth nodes of SCORE, Mukah and Tanjung Manis, HSL has established experience and is well positioned to be highly competitive in contracts coming up in this central region of Sarawak.

The region has been earmarked for a Halal food hub, seafood processing, ports, ship building, palm oil refining and other biotech and heavy industries.

At the same time, these coastal locales have heavy peat soil conditions and thus HSL's reclamation skills will be in demand.

Bakun dam will be commissioned this year and this is attracting high energy consuming industries to Sarawak that will generate infrastructure and construction projects.



“There is an abundance of projects the length and breadth of Sarawak and this will keep HSL very busy leading us to be confident of another year of high achievement,” said Dato Paul Yu.

Now that HSL’s market capitalization is around the RM1 billion mark, the group has been propelled more into the limelight and is garnering increasing interest from both local and regional fund managers.

HSL was invited by Bursa Malaysia and Maybank to present its investment merits at the premier international “Invest Malaysia” event launched by the Prime Minister YAB Datuk Seri Najib Tun Razak in Kuala Lumpur last month.

“We were the only East Malaysian company and it was a proud moment for us to be included in a forum that involved many of the blue-chip stocks of Malaysia,” noted Dato Paul Yu.

Those who attended the presentation looked favourably on HSL’s niche market standing in marine engineering which gives investors a proxy to the story of rapid development in Sarawak.

#END#

*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