PRESS RELEASE

HOCK SENG LEE BERHAD (045556-x)

Q1 growth for HSL

AGM approves total cash dividend of 18% for 2011

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KUCHING (Wednesday): Marine engineering and infrastructure specialist Hock Seng Lee Berhad (HSL) has begun 2012 strongly with release of commendable first quarter results.

The Sarawak-based company renowned for its consistent financial performance recorded profit before tax for the quarter ended 31 March 2012 at RM26.2 million up 11.4% from RM23.5 million recorded for 2011's corresponding quarter.

Revenue for the first quarter also bettered last year's corresponding period increasing 12.6% to RM139.2 million from RM123.6 million achieved during the same period of 2011.

"The construction industry in Sarawak is vibrant and our technical expertise in marine-related engineering, infrastructure, tunneling, bridges and complex construction works are in demand," said HSL's Managing Director Dato Paul Yu Chee Hoe.

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 9 percent per share plus a special dividend, in view of the strong results in 2011, of 3 percent per share, both less tax at 25 percent.

The dividends will be payable on 18 June 2012 and added to the 6 percent gross interim dividend paid out in October 2011, the total cash dividend for 2011 will be 18 percent less tax.

In April 2012, HSL also undertook a one-for-fifty share dividend exercise, distributing 10,939,477 treasury shares. It currently still holds 24,717,781 million treasury shares which it can utilize for further exercises.

"It is always our policy to reward our shareholders in line with our success and that is why both our institutional and retail investors continue to be such loyal supporters," said Dato Paul Yu.

Last week, the company announced procurement of three new contracts worth RM73 million which brings the value of new projects for 2012 to RM155 million.

During the same period, the Group has completed RM134 million worth of projects including infrastructure works for industrial estates at Demak Laut, Kuching and in Tanjung Manis and road works in both Sri Aman and Bintulu.

HSL's order book currently stands at RM1.7 billion, of which some RM1.0 billion is outstanding.

The Group has no gearing and cash reserves of some RM200 million, making it ideally poised to continue with further procurement initiatives.

"Our financial standing puts us at a competitive advantage in that we can offer clients deferred payment options, we can accept land as payment in kind or we can arrange financing packages to fast track projects.

"Although we have already started the year with several secured new contracts, we are hopeful of adding further to the order book in the second half of the year," said Dato Paul Yu.

The three SCORE (Sarawak Corridor of Renewable Energy) growth node towns of Tanjung Manis, Mukah and Samalaju are experiencing increasing construction activity and HSL is undertaking or pursuing projects in all three towns.

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

"These coastal towns have heavy peat soil conditions and thus HSL's reclamation skills and its command of sophisticated engineering technology will be sought after," said Dato Paul Yu.

There is still a lot to be done in Sarawak due to the state's rapid industralisation and urbanization and therefore HSL foresees an abundance of opportunities to come.

On the property development sector, Dato Paul Yu noted that the first phase of Highfields 2 at Batu Kawa had sold out following a recent show home opening.

The next launching for the property marketing team will be a new phase of Eden Fields at 13 ½ Kuching-Serian road where a show home is due to open in a few months time.

Meanwhile the upscale La Promenade and Botanika developments are both under construction as is Samariang Aman 2 in Kuching's north.

"We foresee many residential projects coming on stream in 2013 so we predict a greater contribution from this sector in the medium term.

"In the meantime, we can expect our core construction and infrastructure activities to continue to be the main contributor to group bottom line with sound growth in 2012," said Dato Paul Yu after the AGM.

This year's AGM was tinged with sadness given the recent passing of one of the founders and Executive Directors of HSL Mr Yu Chee Lieng.

However, Dato Paul Yu said that the Board was pleased to announce the appointment of a new Board Member, Mr Tony Yu Yuong Wee, the eldest son of the late Mr Yu Chee Lieng to replace his father and carry on the legacy of his father's remarkable contribution to the Group.

Mr Tony Yu currently holds the position of General Manager- Operations and has served the company for some nine years in managerial and site operational positions. His appointment is in line with the Group's long term succession planning.

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Photos:

1. *HSL's Managing Director Dato Paul Yu Chee Hoe*
2. *The Board of Directors conducts the Thirty-first Annual General Meeting of Hock Seng Lee Berhad in Kuching today 23 May 2012*.
3. *The Directors of Hock Seng Lee Berhad pose for the album following the company's AGM in Kuching today, with the newest addition being Mr Tony Yu (third left) who has been appointed to replace his late father Mr Yu Chee Lieng.*
