PRESS RELEASE

HOCK SENG LEE BERHAD (045556-x)

Strong order book buoys HSL

Q1 PBT RM15.05m, net cash dividend of 12% for 2016

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

KUCHING (Thursday): Sarawak-based infrastructure specialist Hock Seng Lee Berhad (HSL) has had a productive start to the year in terms of both project execution and procurement.

The first quarter of 2017 has seen RM346 million in new works added to HSL's books bringing the value of projects in hand to a high of RM2.8 billion, with RM2.4 billion of that unbilled.

A significant new contract is for the centralized wastewater management (sewerage) system for Miri city, while among more than 20 construction projects and 9 property development projects now ongoing, there are two mega contracts – a section of the Pan-Borneo Highway and the second package of Kuching's centralised wastewater management system.

HSL is progressing on its Pan-Borneo Highway contract which covers Bintangor to Julau Junction, Btg Rajang Bridge and Sibu Airport to Sg Kua.

The sewerage projects in Kuching and Miri, which stretch to 2022 and 2021 respectively will see HSL build upon its technical expertise in tunnel boring and position itself as a contractor of choice for such works in other cities.

Overall, progress on projects has been sound in the first quarter of the calendar year with the Group completing RM120 million worth of works including a much-needed water treatment plant in Mukah and an administrative building for Samalaju Port, both in the SCORE region of central Sarawak.

Revenue for the three months to 31 March 2017 stands at RM105.18 million with profit before tax at RM15.05 million.

"It is commendable that we are sustaining sound margins while embarking on major projects which are the largest and most technically challenging we have handled to date," noted Managing Director Dato Paul Yu Chee Hoe.

In keeping with recent order book growth, there have been some additions to staffing and there will be modest ongoing capital expenditure on additional plant and machinery including further tunnel boring machines for sewerage works.

While remaining headquartered in Kuching, the new works have also prompted the Group to establish operations centres in Sibu and Miri, on top of the usual site offices at project locations.

"Overall, the quarter has been a period of consolidation and of gearing up for a demanding schedule ahead," said Dato Paul Yu.

"We are grateful to our loyal shareholders who recognize our unbroken track record of profitability and are excited by the future earnings upsides of our procurement successes.

"We continue to reward our investors with attractive dividends," he added.

This morning's Annual General Meeting (AGM) in Kuching saw shareholders approve a final single-tier tax exempt dividend of 7 percent per ordinary share (equivalent to 1.4 sen per ordinary share).

Added to the interim single-tier tax exempt dividend of 5 percent paid in October 2016, the cash dividend for 2016 will total 12 percent (equivalent to 2.4 sen per ordinary share).

The total dividend pay-out for 2016 is the same as that for 2015. The final dividend shall be payable on 23 June 2017 with the entitlement date set for 9 June 2017.

All other agenda items put forward at the AGM were also approved by shareholders. In line with the revised Listing Requirements of Bursa Malaysia, all resolutions were voted on by poll.

On the outlook for the rest of the year, Dato Paul Yu, said that a number of smaller projects were due for completion, particularly infrastructure and building works in the SCORE region, but that the mega-projects should move into more active phases.

He also noted that the property development sector, which had contributed 13 percent to the bottom line this first quarter, was expecting a strong year with a variety of commercial, industrial and residential products on offer.

Presently, there are nine phases of different projects under construction including high-end guarded and gated residences at its signature 200-acre *La Promenade* mixed development on the Kuching-Samarahan Expressway. The first of these, the luxurious bungalows and duplex homes of Precinct Premiere Phase 1, will be handed over in the coming two months.

The total Gross Development Value of property development projects ongoing in and around Kuching is approximately RM300 million. Aside from *La Promenade*, others include Phase 4 of the top-selling residential development Samariang Aman 2 estate and Highfields Phase 2B, Vista Industrial Park and the Eden Commercial Centre.

"HSL's fundamentals remain strong with low gearing and considerable cash reserves. We have the capacity for further bids as the year goes on," said Dato Paul Yu.

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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