PRESS RELEASE

HOCK SENG LEE BERHAD (045556-x)

Share split for HSL

Subdivision of one share for five

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KUCHING — The Board of construction company Hock Seng Lee Berhad (HSL) today announced its third quarter results as well as a share split proposal.

The share split proposal is for a subdivision of one existing ordinary share of RM1 into five new ordinary shares of RM0.20 each in HSL.

The proposal is expected to be welcomed by stakeholders and the investing public as it will enhance the liquidity and marketability of the stock.

Meanwhile, the Board also announced HSL's third quarter results which position the Group to finish the year stronger than ever before.

Group Managing Director Dato Paul Yu Chee Hoe noted that margins had continued sustained gains reflecting the procurement of high value projects drawing on HSL's core strengths of marine engineering.

The third quarter earnings for the period ended 30 September 2007 bettered the corresponding quarter of 2006 and the preceding quarter (Q2) of 2007.

Profit before tax of the Group for the current quarter is RM13.99 million as compared to RM12.81 million for the preceding year's corresponding quarter, representing an increase of nine percent.

Profit before tax for the nine-month period to date was RM38.49 million on revenue of RM184.82 million.

"We are therefore on track to surpass last year's annual results at year-end," said Dato Paul Yu.

The value of projects in hand for the Group is currently about RM1 billion with RM800 million outstanding.

"We are proceeding rapidly with our new works including the mass reclamation for the Industrial Lots Development project at Tanjung Manis, central Sarawak procured earlier in the year," said Dato Paul Yu.

Other projects now underway and progressing well include infrastructure and housing works for a local government agency, the Samarahan Expressway, Miri flood mitigation works and several other road and bridge works.

The property sector under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd continues to grow and for the nine months to date earnings rose almost 40% from this time last year with revenue at RM37.07 million.

"The latest phases of HSL's *Samariang Aman* residential development in Kuching are enjoying a strong take up rate and we have also ventured into property development beyond Kuching, launching our inaugural residential project in Sibu called 'Vista Parade'," Dato Paul Yu said.

HSL's current 600 acre land bank includes strategic sites in Kuching and Bintulu and the plans for these sites have an estimated Gross Development Value of RM1.5 billion.

Of note is a 200-acre high-end guarded and gated community in Kuching with 1000 homes and 200 shops, a 70-acre commercial and residential development for Samariang Aman II and a 200-acre mixed development in Bintulu.

On shareholder value, Dato Paul Yu said that the Group had paid out an interim dividend of 8 sen less tax on 8 October 2007 auguring well for a good yield for 2007.

"Our dividend payout ratio has averaged 35% over the past three years, which is one of the highest for the construction industry," Dato Paul Yu added.

Dato Paul Yu also said the company was proud to be ranked the Number One Construction and Property Group in the KPMG/The Edge Shareholder Value Creation Awards 2006, published in The Edge last month.

"Our proposal to subdivide our shares from one to five is also to enhance shareholder value as it will enable our loyal stake holders to hold a larger number of ordinary shares in HSL while retaining their equity interest," said Dato Paul Yu.

It should also indirectly encourage a wider spread of public shareholders.

The proposed subdivision of shares would raise HSL's Authorised Share Capital to 1.5 billion ordinary shares and its issued and paid-up share capital to 582,676,000 ordinary shares of 20 sen each.

The proposal will be subject to approval by Bursa Malaysia and Shareholders of HSL at an EGM to be convened in due course.

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