

HSL sees earnings growth

Declares 8 percent interim dividend

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KUCHING — Sarawak-based construction company Hock Seng Lee Berhad (HSL) today announced sound growth for the first half of 2008.

YB Senator Dato' Haji Idris Buang, Chairman of HSL, said that for the six months to 30 June 2008, net profit before tax had increased some nine percent compared with the same period of 2007, rising from RM24.5 million to RM26.8 million.

Revenue for the first half of 2008 also surged to RM142.1 million against RM122.4 million for the first half of 2007; an increase of 16 percent.

"We have shown that with capable management and our technical resources, we continue to capture substantial contracts and perform them efficiently," said Dato' Idris.

"In keeping with our strong half yearly financial results, we are declaring a first interim ordinary dividend of 8 percent per share less tax at 26 percent and payable to shareholders on 8 October 2008. The dividend entitlement date shall be 16 September 2008," Dato added.

On 15 August 2008, HSL was honoured to receive the KPMG/EDGE award for Shareholder Value in the construction company category.

"We are honoured to receive this award for three consecutive years and we will continue to reward our loyal investors and enable them to participate in our growth story," said Dato' Idris.

HSL paid out a total of 16 percent for the year 2007 comprising an 8 percent interim dividend in October 2007 and a final dividend of 8 percent per share.

Since its listing in 1996, HSL has returned consistent profits every year with Profit After Tax rising over 200 percent in the past six years (2002-2007).

"While there has been some impact on margins brought about by inflationary pressure, particularly the sharp hike in fuel, steel and cement, our results show that the construction industry in Sarawak remains vibrant and our core capabilities in marine engineering are in demand," Dato' Idris added.

"The value of our projects in hand is at a high level of RM1.2 billion with some RM900 million outstanding," Dato' said.

Among the major projects in progress are mass reclamation works in Tanjung Manis and Samarahan; building works for educational institutions in Bintulu as well as roadworks and infrastructure works across Sarawak.

As anticipated, the strong order book has translated to revenue growth for the quarter ending 30 June 2008. HSL Group revenue is up 19 percent against the previous quarter and 23 percent against the same quarter of 2007.

Net earnings for the second quarter ended 30 June 2008 have also increased against both 2007's corresponding quarter and the immediate preceding quarter of 2008.

"Despite the rise in material and construction costs, we have shown that with prudent project procurement and experienced project management, HSL can maintain its strong performance," said Dato' Idris.

With SCORE (Sarawak Corridor of Renewable Energy) and the mid-term review of the Ninth Malaysia Plan directing additional infrastructure funding to Sarawak, the Group is upbeat on its outlook.

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