

Gains and record order book for HSL

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KUCHING — Sarawak-based construction company Hock Seng Lee Berhad (HSL) today reported both profit and revenue growth for the third quarter ended 30 September 2008.

Group Managing Director Dato Paul Yu Chee Hoe also noted that with a record RM1.6 billion of projects in hand, of which RM1.3 billion was outstanding, HSL was looking at busy times ahead for the next few years despite the difficult economic climate worldwide.

“Year to date, we are up 20 percent on revenue and 8 percent on profit before tax, compared to 2007, so we anticipate another set of record annual results come year-end,” said Dato Paul Yu.

With still one quarter to go, HSL has already achieved RM41.60 million profit before tax on revenue of RM221.70 for the nine months ended 30 September 2008.

The third quarter earnings for the period ended 30 September 2008 exceeded both the corresponding quarter of 2007 and the preceding quarter (Q2) of 2008.

HSL Group’s net profit before tax for the current quarter is RM14.82 million as compared to RM13.99 million for the preceding year’s corresponding quarter.

While some pressure on margins was felt with the rise in building material and fuel costs, Group revenue increased 28 percent from RM62.40 million for the third quarter 2007 to RM79.64 million for the same period this year.

“With the stabilization or reduction in diesel, steel and other critical material prices, the bottom line will benefit going forward,” said Dato Paul Yu.

HSL’s order book replenishment has continued to be robust with RM905 million of new projects procured so far in 2008; notable among them is Kuching’s central wastewater management system project which was secured last month.

HSL has now commenced work on the first phase of this project which, over four years, will see the commissioning of the wastewater treatment plant and connections to commercial and residential properties in the central business district and its surrounds.

Adopting an economical gravity flow system, the sophisticated tunneling will involve installation of some 64km of pipes up to 27 metres underground.

“The final effluent discharged from the treatment plant will be clear, clean water which is a vast improvement on our present system of septic tanks or the direct flow of raw sewage into the Sarawak River,” commented Dato Paul Yu.

“A proper sewage system is the hallmark of well-planned, sustainable urban development and with the modular design of the treatment plants, future expansion could be carried out in individual modules, providing HSL will further job opportunities in the long term,” he added.

Meanwhile, the quarter under review saw completion of roadworks projects such as the 11km Samarahan Expressway and 13km Jalan Sedi-Semop at Mukah while contracts in progress include roadworks in Kuching, reclamation works in Samarahan, Kuching and Tanjung Manis and a variety of building construction works for educational institutions in Kuching and Bintulu.

The property sector under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd has also continued to weather the economic slowdown admirably.

The period under review saw the handover of houses to Phase 3 homeowners of the top-selling 642-unit *Samariang Aman* housing estate in Kuching’s north as well as the launch of a four-acre recreational park, children’s playground and football practice pitch for the residents.

Last month, October, the property subsidiary opened its thirteenth show home and subsequently enjoyed the strongest month of sales for the year.

On shareholder value, Dato Paul Yu said that the Group had paid out an interim dividend of 8 percent less tax on 8 October 2008, auguring well for another good yield in 2008.

“We would like to continue our top billing on shareholder value,” Dato added, noting that the Group had consistently been awarded in KPMG/The Edge Shareholder Value Creation Awards.

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