

Best ever quarter for HSL

Q3 PBT up 39%

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KUCHING — Sarawak-based infrastructure specialist Hock Seng Lee Berhad (HSL) today reported record profit and revenue growth for the third quarter ended 30 September 2009.

Group Chairman YB Senator Dato' Haji Idris Buang announced that revenue for the quarter at RM101.73 million has exceeded RM100 million for the first time, with profit before tax for the quarter at an all-time high of RM20.67 million.

This represents a 28% increase in revenue and a 39% increase in pre-tax profit compared with the same period in 2008.

HSL Group's revenue and net profit before tax for the previous corresponding quarter were RM79.64 million and RM14.82 million respectively.

"We are privileged to participate in the accelerating development of Sarawak and accordingly we have achieved new milestones in our financial results," said Dato' Idris .

"We have had a very productive quarter with our wastewater project in Kuching in full swing and many road and building construction projects also progressing well," said Dato'.

"With the economic stimulus packages and SCORE (Sarawak Corridor for Renewable Energy) projects flowing down to the tendering stage, we are hopeful of further opportunities that draw on our infrastructure expertise," Dato' said.

As at the end of September 2009, HSL Group had RM1.80 billion of projects in hand with RM1.25 billion unbilled.

Pre-tax earnings and revenue for the Group are also up on a year-to-date basis. For the nine months to 30 September 2009, profit before tax stood at RM51.75 million on revenue of RM261.71 million against RM41.63 million and RM221.70 million respectively for the same period in 2008.

"This leads me to be very optimistic on the year-end results," noted Dato' Idris.

Last week saw the Chief Minister of Sarawak officially launch Kuching's central wastewater management system project noting that it marked a new direction for Sarawak in tackling the environmental impact of rapid urbanization.

By collecting and treating black and grey water, the sewage works will greatly alleviate the current pollution of important waterways in Kuching including Sg Sarawak which runs through the city centre.

The first phase of this project, which HSL and its consortium partners began in October 2008, will take four years to complete. It involves the laying of the main sewer line, the commissioning of the wastewater treatment plant and connections to commercial and residential properties in the central business district and its surrounds.

It was also announced at the launch that the whole Kuching wastewater project is expected to be implemented in four phases at an estimated cost of RM2 billion.

“By mastering the technology of trenchless pipe installation, we are positioning ourselves for further opportunities in subsequent phases of this important sewage project,” noted Group Managing Director Dato Paul Yu Chee Hoe.

“For this reason we have invested in high-tech Tunnel Boring Machines (TBM). Using these to lay the main sewer lines creates minimal disruption to the public,” said Dato Paul Yu.

Currently, HSL’s engineers are overseeing the construction of numerous shafts in central Kuching for the lowering and retrieving of the TBM as it tunnels underground and the new sewage pipes are laid.

Other contracts in progress include roadworks in Kuching, reclamation and infrastructure works in Samarahan, Kuching and Tanjung Manis and a variety of building construction works for educational institutions and affordable housing in Kuching and Bintulu.

The property sector under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd has continued its path of innovation and increased its activities recently.

On 7 November 2009, it launched its inaugural guarded and gated estate called ‘the Leaf’ which has a Gross Development Value of some RM33 million.

The new concept, high-end residential development with a focus on security and landscaping enjoyed a 70 percent take up rate its opening launch week, with thousands of visitors flocking to the show home.

Meanwhile other property development projects such as Lavender Hills (64 units) and Samariang Aman (642 units) have virtually sold out.

On shareholder value, Dato Paul Yu said that despite considerable capital expenditure for the new sewage project, the Group had paid out an interim dividend of 5 percent less tax on 8 October 2009 and shareholders could thus expect another good yield for 2009.

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Based in Sarawak, Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.

For further information and the latest annual report see: www.hsl.com.my