

# HSL's new road project paid in land and cash

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KUCHING — Hock Seng Lee Berhad (HSL) will grow its land bank substantially upon procuring a new RM66 million road project which will be paid in the form of cash and land.

The infrastructure and land reclamation specialist has received a letter of intent from JKR Sarawak for the Proposed Jalan Samarahan/ Kg Ensegei Hulu/ Kg Sebuyau/ Kg Lubok Bunting, Samarahan Division, Sarawak.

As it traverses low lying terrain, the 21.5 km road will involve considerable sand filling works, bridges and drainage works; all of which are in line with HSL's marine engineering expertise.

The letter of intent stipulates that the project is to be undertaken on a "Design and Build" contract basis with the mode of payment to be RM24 million in cash and the balance of RM42 million in the form of land.

"We believe this method of project implementation will become a growing trend in the industry," HSL Group Managing Director Mr Paul Yu Chee Hoe said.

"This is the way that the private sector can be spurred into becoming the engine of growth.

We have to be innovative in the payment options we will accept to allow public sector clients to realise more projects for their available up front budget allocations," Mr Yu said.

"This is very much a win-win situation for us, our client and the people of Samarahan," he noted.

"With a sound financial position, HSL has the financial capacity to shoulder cash and kind payment methods and we are keen to accumulate land holdings for future development," Mr Yu disclosed.

"We foresee a great synergy as a construction contractor in increasing emphasis on our property development arm," he added.

"Our competitive edge remains in marine engineering (land reclamation and dredging) and using this ability to prepare our own land bank for construction enables economical development costs."



Hock Seng Lee Construction Sendirian Berhad (HSLC), the wholly owned subsidiary of Hock Seng Lee Berhad involved in property development and construction, is expected to increase its 11% contribution to Group revenue over the medium term as the land bank accumulates.

Last month, HSL announced impressive financial results for the year ended 31 December 2003 with revenue up 52% to RM287.53 million and earnings up 70% to RM29.36 million.

Projects in hand for the Sarawak-based infrastructure and reclamation specialist stand at over 30 worth more than RM900 million and include the underpass-overpass traffic interchange at Third Mile and upgrading of Jalan Batu Kawa, Kuching; a 48 km stretch of the new Miri-Bintulu coastal road; construction of the Deep Sea Fishing Port at Tanjong Manis and ongoing infrastructure and reclamation works for Sama Jaya Free Industrial Zone, Demak Laut Industrial Park and Samariang new township.

Other contracts included numerous road and infrastructure / reclamation works.

With federal allocation of RM5.5 billion for infrastructure development in Sarawak, Mr Yu says HSL, with its local knowledge and unique combination of technical, financial and human resources can be confident of bidding for a fair slice of the cake.

“With our borrowings at zero and cash in hand of some RM70 million, we are well poised to take on more contracts including those that may require financing,” Mr Yu said.

Meanwhile, Mr Yu also announced that the allotment for the Company’s three-for-five Bonus Issue will be on 18 March 2004, and the listing of these new shares on the stock exchange will be before the end of the month.

The Bonus Issue exercise will see the share capital of the Company raised to RM116,535,200.

“With the Bonus Issue and a dividend rate for 2003 totaling 15%, we trust shareholders continue to enjoy our policy of sharing HSL’s success,” commented Mr Yu.

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