



HAP SENG'S CORE BUSINESSES REMAIN RESILIENT

KUALA LUMPUR, 29 May 2009 – Amidst a challenging economic backdrop, diversified group Hap Seng Consolidated Berhad (Hap Seng Group) is confident that its core businesses, namely plantations, property holding and development, credit financing, fertilizer trading, automotive as well as quarry and building materials, are resilient and will continue to contribute positively to the Group's long-term growth.

For its financial year ended 31 December 2008, which encompasses an 11-month period from 1 February to 31 December 2008 following the change of the Group's financial year end, the Hap Seng Group recorded a profit after tax of RM377.2 million. This was lower compared with RM846.9 million registered in the previous financial year, which had taken into account the RM611.9 million gain from the internal restructuring and initial public offering of Hap Seng Plantations Holdings Berhad (HSP) shares.

The Hap Seng Group's profit for the year under review was achieved on a back of a 41% increase in Group Net Revenue to RM3.2 billion compared with RM2.2 billion recorded in the previous financial year. Consequently, the Group's Operating Profit increased by 46% to RM579.3 million from RM395.7 million achieved in the last financial year.

Notwithstanding the gain from the listing of HSP and other non-operating items in the previous financial year, earnings per share for the period under review was 55.32 sen or 63% higher compared with the year ended 31 January 2008. Net Assets also increased by 14% to RM2.3 billion as at 31 December 2008 compared with the previous financial year.

Following Hap Seng Consolidated Berhad's 33rd Annual General Meeting and Extraordinary General Meeting today, Datuk Edward Lee Ming Foo, Group Managing Director, said, "Soaring raw materials cost compounded by a global economic downturn made 2008 a difficult year. Nevertheless, our core businesses were able to achieve positive operating profits, reflecting the resilience and prospects of these Divisions."

“Moving forward, our 2009 financial year will be equally challenging. However, we intend to be focused in ensuring that our core businesses continue to deliver long term value to the Group, and ultimately to our shareholders, by operating with greater efficiency while tapping opportunities prudently.”

According to Datuk Lee, the plantation sector globally, particularly the palm oil sector, continues to remain robust in 2009. “Demand seems to be strengthening and this will bode well for our Plantation Division.”

“For our Property Holding and Development Division, favorable interest rates as well as improving consumer sentiments will augur well for our soon-to-be-launched gated residential development project in Selangor, D’Alpinia. We are confident that the first-phase of this “Build-Then-Sell” development, which comprises a total of 154 units of two-storey terraced houses and semi-detached cluster homes, will be well-received by home-buyers judging by the number of enquires to date.”

The Hap Seng Group’s Credit Financing Division is expected to focus on maintaining high quality assets while keeping its non-performing loans below industry average.

Meanwhile, the Group remains confident that its Quarry and Building Materials Division will continue to perform well this financial year due to its enhanced production efficiency put in place earlier as well as the anticipated demand for quarry products due to heightened construction activities as a result of the Government’s stimulus package.

At the same time, the Group’s Fertilizer Division will remain steadfast in maintaining its strong market share position in Malaysia and Indonesia, while the Automotive Division intends to bank on its ever-growing reputation for customer and after-sales service excellence to capture a greater market share in a tough operating environment.

“All in all, the Group is able to leverage on its firm financial footing and the positive growth prospects of its core businesses to deliver long-term growth to our shareholders,” Datuk Lee concluded.

As a result of the Group's performance for the year ended 31 December 2008, the Board of Directors are recommending a final dividend of 7.0 sen per ordinary share comprising of 3.25 sen less income tax and 3.75 sen under the single tier system, which is tax exempt in the hands of the shareholders. This dividend will be in addition to the interim dividend of 5.0 sen less income tax per ordinary share paid on 28 October 2008. The total distribution for the financial period ended 31 December 2008 will amount to gross 12.0 sen per ordinary share. The final dividend is subject to the approval of shareholders and will be payable on 19 June 2009.

About Hap Seng Consolidated Berhad

Hap Seng Consolidated Berhad is a progressive and well-established publicly listed Company with diversified businesses in plantations, property investment and development, credit financing, trading of fertilizers and automotive, as well as building materials and stone quarries.

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