



NEWS RELEASE

**HAP SENG REPORTS STRONG SECOND QUARTER
PROFIT GROWTH**

KUALA LUMPUR, 26 August 2008 – Staying well on-course with its robust growth trajectory, diversified group Hap Seng Consolidated Berhad (Hap Seng Group) recorded a profit after tax of RM166 million for its second quarter ended 30 June 2008. This marks a notable 267% increase compared with the profit after tax of RM45.3 million recorded in the preceding year's corresponding quarter ended 31 July 2007.

The Hap Seng Group's improved performance came on the back of a notable increase in revenue mainly from enhanced contribution of its Fertilizer Trading and Plantation Divisions. During the period under review, the Hap Seng Group recorded a revenue of RM921.5 million compared with RM571.7 million recorded in the preceding year's corresponding quarter ended 31 July 2007.

On a cumulative basis, despite a shorter reporting period resulting from the change of its financial year end from 31 January 2009 to 31 December 2008, the Hap Seng Group recorded a profit after tax of RM234.8 million for the 5-month period ended 30 June 2008. This reflects a jump of 201% compared with the preceding year's 6-month period ended 31 July 2007.

Consequently, basic earnings per share that is attributable to shareholders for the current year to date was recorded at 36.88 sen or 205% higher than the preceding year's 6-month period ended 31 July 2007 of 12.22 sen.

Edward Lee Ming Foo, Group Managing Director, said, "Hap Seng Group's Fertilizer Trading Division recorded a sterling performance with improved margins as a result of good inventory planning and management as well as higher average selling price achieved from both its Malaysian and Indonesian markets."

“At the same time, our Plantation Division recorded improved performance due to higher crude palm oil (CPO) sales volume and higher CPO and palm kernel average selling price vis a vis the preceding year’s corresponding quarter,” Lee explained.

According to Lee, the Hap Seng Group has also realised tangible growth in its other core businesses, namely property and building materials, during the period under review. “We will continue to focus on performance improvement especially on production efficiencies and on areas that will help us grow. We believe that with our ongoing efforts, we will achieve more growth in the foreseeable future.”

Lee also said that the plantations sector remains a viable growth prospect for the Group. “We are pleased to note that the proposed acquisition of plantation land in Sabah by our listed subsidiary, Hap Seng Plantations Holdings Berhad (HSP), during the quarter under review is well in line with our plans to expand our landbank with a view to unlock further value in this dynamic sector.”

On 21 June 2008, HSP entered into a conditional sale of shares agreement to acquire the entire issued and paid-up share capital of Bumilaju Construction Sdn (Bumilaju) at a purchase consideration of RM27 million. Presently, Bumilaju is the owner of two parcels of plantation land totaling over 700 hectares that are fully planted with oil palm of 6 to 7 years.

“For our Property Holding and Development Division, we expect to further realise the contribution of Menara Hap Seng to the Hap Seng Group’s revenue, more so as this newly refurbished office tower is currently 100% occupied. Coupled with the expected contribution from further product launches, particularly in Sabah this year, this Division is well on track towards achieving double digit growth in our current financial year.”

“All in all, We are confident that the resilience of our national economy coupled with the strategic initiatives the Hap Seng Group has implemented will yield strengthened financial results that will benefit our shareholders in the long term,” Lee concluded.

Hap Seng Consolidated Berhad

Hap Seng Consolidated Berhad is a progressive and well-established public 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.