HAP SENG CONSOLIDATED BERHAD (26877-W)

NEWS RELEASE

DIVERSE CORE BUSINESSES ARE GROWTH DRIVERS FOR HAP SENG GROUP

KUALA LUMPUR, 27 May 2010 – Hap Seng Consolidated Berhad (Hap Seng Group) is confident that its diverse core businesses are well-positioned to drive growth. The Group has core businesses in key sectors of the country's economy, namely plantations, property holding and development, credit financing, fertilizer trading, automotive as well as quarry and building materials.

For its financial year ended 31 December 2009, the Hap Seng Group recorded a Profit Before Tax of RM172.8 million. This was achieved on the back of a Group Net Revenue of RM2.5 billion. The Group's Operating Profit was registered at RM193.8 million and its Profit After Tax was recorded at RM149.3 million for the year under review.

At the Hap Seng Group's 34th Annual General Meeting, Datuk Edward Lee Ming Foo, Group Managing Director, said, "The Group's 2009 financial year was by any measure a challenging one. The effects of the global economic crisis had to a certain extent impacted the performance of our core businesses across the board."

"Nevertheless, in anticipation of the challenging operating environment, the Group had undertaken strategic measures to ensure that our operating costs are well-managed and the Group's Balance Sheet remain strong. Our performance during the year under review was a reflection of these measures as well as the resilience of the Group and our commitment to keep the long-term interest of our shareholders a priority."

Overall, Earnings Per Share Attributable To Shareholders for the year under review was 17.79 sen. The Group's Gearing Ratio (net of cash), as at 31 December 2009, improved to 0.59 from 0.91 a year ago. Its Net Assets also increased to RM2.34 billion from RM2.3 billion last year.

“Moving forward, we expect 2010 to be a better year. The Government’s prudent fiscal management and pro-active initiatives to stimulate the economy have put the country well on the path of recovery. This, coupled with improving outlook of commodity prices, will invariably bode well for our Group.”

On the Group’s Plantation Division, Datuk Lee said, “More of our young oil palms are expected to move into maturity during the current financial year. This will improve the Group’s FFB (fresh fruit bunch) yield and CPO (crude palm oil) extraction rates.”

“The Division also expects to benefit from the long-term positive outlook of crude palm oil (CPO) prices. This outlook is premised on the current strengthening of economies throughout the Asian region, accentuated by strong demand from China and India.”

The Group’s Property Holding and Development Division is also expected to continue to perform well as it remains focused on the development of mixed and residential properties in Sabah and Peninsular Malaysia. “We are especially encouraged by the overwhelming response we have received for D’Alpinia, our maiden 76-acre project in Peninsular Malaysia.”

“Given its impressive take-up rate for its first two phases launched at the end of 2009, D’Alpinia is set to become an important contributor to the Division’s bottom-line, especially when it unveils more attractive products in this ‘build-then-sell’ development.”

Hap Seng Group’s Credit Financing Division is set to record higher loans growth in the current financial year due to improving business confidence levels. Meanwhile, the Group’s Quarry and Building Materials Division is also expecting enhanced performance as three new quarries will become operational in the first half of 2010.

Hap Seng Group’s Fertilizer Trading Division is expecting both its Malaysian and Indonesian markets to improve as demand picks up and prices for fertilisers stabilise in the light of the positive outlook of crude palm oil prices. The Group’s Automotive Division is also expected to benefit from the economic recovery. The Division’s Mercedes-Benz passenger vehicles segment is expected to do well as it continues to solidify its reputation for excellent customer and after-sales service.

"All in all, the Group is well positioned to take advantage of the Malaysian economy that is on an up-trend. We will continue to be mindful in managing costs prudently while ensuring enhanced productivity and greater operational efficiencies," Datuk Lee concluded.

The Board is recommending a final dividend of 7.0 sen per ordinary share under the single tier system which is tax exempt in the hands of the shareholders. An interim dividend of 5.0 sen per ordinary share under the single tier system was paid on 30 October 2009. The total distribution for the financial year ended 31 December 2009 will amount to 12.0 sen per ordinary share. The final dividend is subject to the approval of shareholders and will be payable on 11 June 2010.

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.