



## NEWS RELEASE

### **Hap Seng Posts Significant Revenue and Profit Increase for FY08**

Boosted by plantations and significantly improved trading division margins

**KUALA LUMPUR, 31 March 2008** – Diversified group Hap Seng Consolidated Berhad (Hap Seng Group) recorded an after-tax profit of RM846.9 million on the back of a 29.7% increase in revenue of RM2.2 billion for its financial year ended 31 January 2008. The results included a gain of RM601.6 million from the listing of its plantation business, Hap Seng Plantations Holdings Berhad (HSP), in November last year. For the same period in the last financial year, the Group posted an after-tax profit of RM120.6 million on a turnover of RM1.7 billion.

Basic earnings per share for the current year attributable to shareholders at 139.89 sen was 676% higher than 18.03 sen in FY07. Excluding the gain, earnings per share on the same basis of 33.87 sen was 88% or 15.84 sen higher than FY07.

Meanwhile, net assets per share attributable to equity holders of the company as at 31 January 2008 stood at RM3.58, a 38% increase compared to the corresponding period a year ago.

Further to unlocking the value of its Plantation Division through the listing of HSP in November 2007, Hap Seng Group continues to demonstrate strength in diversity with robust performances from its Credit Financing, Quarry and Building Materials and Fertilizer Trading Divisions.

Edward Lee Ming Foo, Group Managing Director, Hap Seng Consolidated Berhad, said, "Even excluding the gain from the listing of Hap Seng Plantations and other non-operating items, the Group has recorded a notable 93% rise in profit after tax. This clearly reflects our commitment to deliver sustained long-term growth to the Group for the benefit of our shareholders."

As a result of the Group's performance, the Board of Directors are recommending a final dividend of 7.0 sen per ordinary share less income tax at 25%, subject to shareholders approval at its Annual General Meeting. This, in addition to the interim dividend of 3.5 sen per share less tax at 26% paid on 26 October 2007, a special interim dividend of 41.0 sen per share less tax at 26% and a tax exempt dividend of 5.0 sen paid on 14 December 2007, will bring the total dividend for the year to 56.5 sen per share.

The Plantation Division's significant increase of 84.8% in operating profit to RM230.7 million for the financial year as compared to RM124.9 million last year was attributable to higher Crude Palm Oil (CPO) and Palm Kernel (PK) sales volume as well as improved CPO and PK average prices for the year.

"Since Hap Seng Plantation's listing, the response from the investing public on the company's prospects has been encouraging. This is indeed a reflection of the sector's resilience and appeal as well as our listed subsidiary's focus on delivering growth via improved efficiencies," Lee said.

"Our Credit Financing Division's performance also improved in tandem with the expansion of its loan portfolio. Moving forward, this Division aims to leverage on its track record and management expertise to achieve further growth in existing as well as new markets." This Division achieved an operating profit of RM49.8 million for the year ended 31 January 2008, which is a 46% increase compared to last year.

The Group's Trading Division, which includes the Automotive and Fertilizer businesses, also enjoyed a significant growth of almost a four-fold increase in operating profit of RM83.3 million in FY08 compared to RM21.2 million in FY07 with substantial contribution from the Fertilizer Division. At the same time, the Group's Quarry and Building Materials Division recorded a 186% jump in operating profit to RM12.3 million during the year under review.

“Our Fertilizer business saw higher sales volume and improved margins due to higher average selling prices achieved from both the Malaysian and Indonesian markets during the year while our Quarry and Building Materials Division continued to benefit from the expansion of its quarry and building materials trading operations,” Lee explained.

For the year under review, the Group’s Property Holdings and Development Division delivered a positive performance by achieving an operating profit of RM39.6 million. “The refurbished Menara Hap Seng has received very encouraging response from top-notch local and international corporations in search of strategically located and premium office space. We expect Menara Hap Seng to contribute further to this Division’s profitability in the new financial year.”

“On the whole, the Group’s core businesses have benefited from the continued focus to adapt to changing operating conditions while tapping new prospects effectively. Moving forward, we aim to focus on enhancing synergies that exist within our businesses to further deliver sustained growth to our shareholders,” Lee concluded.

#### **Hap Seng Consolidated Berhad**

Hap Seng Consolidated Berhad (Hap Seng), a diversified, well-managed entity, is today one of the leading listed entities on Bursa Malaysia Securities Berhad, given its unique position as one of the few companies in the Billion Ringgit grouping. Hap Seng is involved in the Malaysian economy with businesses in plantation; property investment and development; credit financing; trading, which includes the fertilizers and automotive; building materials and stone quarries sectors. As at 31 January 2008, Hap Seng’s paid-up capital stood at RM622.7 million while the Group’s shareholders’ funds stood at RM2.02 billion.

#### **Forward looking statements**

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Hap Seng Consolidated Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.