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Hitchins Group achieves 14% growth in interim net profit

- *PRC operations continue to show strong performance*
 - *Orderbook remains at a healthy \$5.8 million*

Singapore – 20 March 2003 – Newly-listed **Hitchins Group Ltd** (“Hitchins”), the regional integrated waterproofing and building protection solutions provider which launched its IPO in January this year, achieved a 14.4% growth in net profit for the six months ended 31 December 2002.

Net profit was \$357,000 compared to \$312,000 in the same period last year. This was posted on the back of lower revenue at \$5.0 million, from \$5.5 million in the previous corresponding period, reflecting the improvement in operating margin. Operating margin improved to 9.3% from the previous 8% due to better cost control in all areas of the Group’s operations.

Based on the weighted average number of ordinary shares, the earnings per share amounted to 0.43 cents, compared to 0.38 cents. No interim dividend has been declared.

“This performance is in line with our expectations for the Group at its current phase of growth. We are very encouraged by the strong performance of our PRC operations as revenue from new contracts secured in FY2002 start to kick in. Contributions from the PRC rose by about 28%, and it now accounts for 23% of our revenue from 18% in FY2002,” said Mr Michael Wong, Managing Director of Hitchins.

As a result of the positive contributions from the PRC, revenue for the manufacturing and sales of waterproofing and building protection materials rose by 7% to \$3.1 million from \$2.9 million previously. However, this was offset by a 27% decline in installation revenue to \$1.9 million from \$2.6 million previously.

Looking ahead, the Group’s orderbook as at 1 March 2003 amounted to \$5.8 million, which will be fulfilled in the current financial year. Although the second half is traditionally stronger than the first, the outlook for the next few months remains uncertain and challenging as tension escalates in the Middle East. The Group’s performance in the second half will depend on the outcome of the Iraqi crisis.

“Although the situation is uncertain, we will continue to prudently and cautiously forge ahead with our business plans. China continues to be a main focus for us as we are well positioned to tap into the immense opportunities for construction and infrastructure projects, especially with the 2008 Olympic Games and the 2010 World Expo in Shanghai. We are also looking to further expand in India, Thailand and the Philippines,” said Mr Wong.

Having entered the PRC market since 1996, Hitchins has obtained approval licences to sell its products in Shanghai, Beijing, Fujian, Quzhou, Shenzhen and Dalian. Through its marketing offices located in Shanghai, Beijing, Dalian and Shenzhen, Hitchins has secured numerous contracts for prominent infrastructure projects such as the QingHua University Swimming Complex and the Olympic Square in Dalian, which comply with the standards set by the National Olympics Council and are used as training grounds by the Chinese Olympic teams; the Xuan Wu Lake vehicular tunnel in Nanjing; the Xintiandi commercial development in Shanghai; and several MRT stations in major cities in China.

To increase its market coverage in China, Hitchins intends to set up new marketing offices in Chongqing and Guangzhou by end 2003 and over the longer term, Chengdu, Nanjing, Qingdao, Shenyang, Wuhan and Xiamen.

In addition to China, Hitchins will also be looking at setting up new offices in Thailand, the Philippines, and India, as well as establishing a local manufacturing presence in Malaysia.

About Hitchins Group Ltd

Incorporated in 1966, Hitchins' core business is providing integrated solutions for the waterproofing and protection of building and concrete structures – from conducting research and development in chemicals used in the waterproofing and protection of building and concrete structures to manufacturing and installation of its waterproofing and concrete protection products.

Through its network of over 30 applicators in 13 countries, Hitchins has been involved in various projects including infrastructure projects, commercial buildings, residential buildings, industrial buildings, and institutional buildings all across Asia. Hitchins was also instrumental in the restoration and protection of prominent monuments in Asia such as the Wat Arun, Temple of Dawn in Thailand and the Sitthaung Pagoda in Myanmar. They were also involved in refurbishment projects such as the Istana Nurul Iman (Sultan's Palace) in Brunei.