

PRESS RELEASE

18 July 2007

**CHEVALIER INTERNATIONAL AND CHEVALIER PACIFIC
ANNOUNCE 2006/07 ANNUAL RESULTS**

**PROPERTY, CONSTRUCTION & ENGINEERING DIVISIONS SET TO DRIVE
GROWTH IN 2008**

CHEVALIER PACIFIC CONTINUES TO STRENGTHEN F&B MARKET

For the year ended 31 March	CIHL		CPHL	
	2006/07	2005/06	2006/07	2005/06
Revenue	HK\$4,665 million	HK\$4,335 million	HK\$752 million	HK\$734 million
Profit Attributable to Equity Holders	HK\$318 million	HK\$331 million	HK\$33.7 million	HK\$37 million
Earning per Share	HK\$1.14	HK\$1.19	HK18.57 cents	HK21.57 cents
Total Dividend per Share for the year	HK\$0.50	HK\$0.68	HK6.5 cents	HK8 cents

(Hong Kong, 18 July 2007) Prominent construction and engineering services provider Chevalier International Holdings Limited ("CIHL" or the "Group"; stock code: 25.hk) and its subsidiary Chevalier Pacific Holdings Limited ("CPHL"; stock code: 508.hk) today announced their annual results for the year ended 31 March 2007.

CIHL's revenue for the year increased by 8 % to HK\$4,665 million (2005/06: HK\$4,335 million). Despite the absence of the one-off significant contribution from the disposal of property in Shanghai booked last year, profit attributable to equity holders slightly reduced 4% to HK\$318 million (2005/06: HK\$331 million). The drop in profit was mainly due to increased costs incurred for exploring new markets and businesses. However, taking into account the continuous growth of the Hong Kong economy and the strong support from Mainland China, the Group remains confident of the continuous growth of its businesses.

The Board of Directors of CIHL recommends payment of a final dividend of HK\$0.30 (2005/06: HK\$0.30) per share. Together with the interim dividend of HK\$0.20 (2005/06: HK\$0.20 and special HK\$0.18) per share paid earlier this year, the total dividend for the year was HK\$0.50 (2005/06: HK\$0.68) per share.

CPHL's revenue was up 2.4% to HK\$752 million (2005/06: HK\$734 million). Profit attributable to equity holders decreased 9% to HK\$33.7 million (2005/06: HK\$37 million), mainly because of the decline in contribution from personal computer business and other information technology ("IT") related businesses, as well as the initial set up costs of food and beverage business incurred in Mainland China.



The Board of Directors of CPHL recommends payment of a final dividend of HK4.0 cents (2005/06: HK5 cents) per share. This, together with the interim dividend of HK2.5 cents (2005/06: HK3 cents) per share, represented a dividend payout of HK6.5 cents (2005/06: 8 cents) per share.

Dr. CHOW Yei Ching, Chairman of CIHL and CPHL, said, "The reviving Hong Kong economy in the past few years has benefited different business sectors. Against this macroeconomic situation, the Group has made big leaps in expanding its business. We have introduced various new businesses to broaden our income stream and are pleased to report that these initiatives have attained encouraging results. Upholding our commitment to customer satisfaction and delivering quality services, we have strengthened our position both locally and overseas."

Construction and Engineering

Revenue of this segment rose by 19% to HK\$3,003 million bolstered by an increase in business volume of the Aluminium Windows and Curtain wall, Environmental Engineering and Pipe Technologies Divisions and new projects secured in Macau by the Electrical and Mechanical ("E&M") Engineering Division. Overall profit of the segment increased by only 2.3% to HK\$186 million mainly as a result of setback experienced by the pipe technologies business. The total value of this segment's major contracts on hand exceeds HK\$3.2 billion.

While its revenue was steady, the Building Construction Division contributed more profit than last year. The division extended its business from Hong Kong to Macau during the year and won a sizable contract for building the distinctive residential property "The Praia". The Lifts and Escalators Division also continued to reinforce its foothold in markets outside Hong Kong including Macau and Mainland China and its major projects on hand included supply and installation of lifts and escalators for the Macau Galaxy Mega Resort & Casino as well as hotel and office building in Chengdu and Dalian. As for the Aluminium Windows and Curtain Wall Division, it also reported satisfactory performance and success in venturing into other overseas markets such as Australia and Japan. The E&M Division obtained many new contracts in Macau.

The overall performance of pipe technology business had been less than satisfactory, mainly due to the increased investment in sales and marketing in existing markets to fuel revenue growth in addition to slower-than-expected growth of the Asian market. However, with tightened cost control measures and investments already made, the Group expects the division's performance to improve in coming years.

Insurance and Investment

Profit contribution of the segment improved substantially to HK\$ 150 million, attributable to the thriving global investment market. The Investment and Asset Management Division continues to hold a well-balanced investment portfolio comprising equity, fixed income and structured deposits. To aid exploring of business opportunities, the Insurance Division opened a representative office in Ho Chi Minh City, Vietnam in October 2006. With a representative office in Beijing already, the division has two offices outside Hong Kong now and targets to establish presence in Macau.



Property

The segment revenue and profit decreased to HK\$305 million and HK\$135 million respectively. The drop in revenue was due to absence this year of the HK\$254 million one-off proceeds from the disposal of part of the units in Chevalier Place, Shanghai booked last year. However, the cold storage operation achieved significant improvement and benefited the segment's overall results, reflecting increasing demand fuelled by growing import and export activities in Hong Kong.

During the year, the Group shifted to focusing more on property development projects in emerging cities, such as Chengdu, Hefei and Shenzhen. Construction of Chevalier Tower, a residential and commercial project in Chengdu, has been very smooth and pre-sale was planned for the second half of 2007. The foundation work for a Shenzhen project was almost completed and construction work will commence soon. Land reclamation for the Hefei project, Hua Qiao Plaza, is in progress and the commercial project in Dongguan was disposed of during the year for proceeds of HK\$45 million. And in Beijing, Phase I of the villa development "My Villa" was well received by the market with more than 80% of the villas for pre-sale quickly swept up by buyers.

Food & Beverage, IT and Others

Revenue and profit from the IT segment declined to HK\$479 million and HK\$10.9 million respectively, largely due to the recall of defective notebook computer batteries and the delay in the introduction of a new operating system for notebook computers.

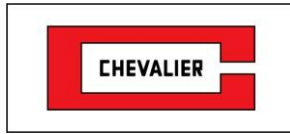
As for the Food and Beverage segment, its revenue improved by 39.3% to HK\$250 million, with profit amounted to HK\$14.9 million. The business in Hong Kong reported full-year robust sales growth of 16.5% and correspondingly enhanced profit contribution. The business in Mainland China, however, was in its initial development stage and was yet to generate profit. During the year, the total number of Pacific Coffee outlets in Hong Kong, Singapore and Mainland China increased to 69 from 51 last year, and same store sales growth was maintained at approximately 7%.

With the acquisition of 49% stake in Igor's Group completed on 31 January 2007, the Group's Food and Beverage business now has a much strengthened portfolio for reaping benefits in the fast growing and lucrative western lifestyle food and beverage market in Hong Kong. Carrying brands including "Wildfire", "The Boathouse", "Stormies Crab Shack" and "Café de Paris", the 26 well-located restaurants and bars of Igor's Group offer a wide variety of international cuisines ranging from traditional French dishes to casual counter food in premier entertainment districts.

Dr. CHOW added, "In April 2007, the Group acquired all interests in the computer and information communication technology segment owned by CPHL. This move was in line with the stated objective of CPHL to focus on food and beverage business."

Prospects

Looking ahead, Mainland China and Macau will continue to be attractive places for investment in the coming years. The Group anticipates good prospect for the property sector in emerging cities in



China as well as in Macau's booming construction and engineering sectors. Its Property, Construction & Engineering Divisions are well positioned to seize arising opportunities in these markets. These businesses are expected to start bringing in satisfactory contribution from 2008.

The Food and Beverage business is another sector set to become a long-term growth driver for the Group. For Pacific Coffee, the Group is looking to expand its presence in the Asia Pacific region other than Hong Kong, Mainland China and Singapore. To capture business riding on the flourishing coffee drinking culture in Mainland China, the Group will endeavor to secure good locations for its stores at affordable rental in expanding its coffee shop chain. For the recently acquired Igor's Group of Restaurants, efforts will be made to expand its network and boost the Igor's brand. The Group's diversification plan will continue, with the support of business plans aiming for sustainable growth.

- End -