



PRESS RELEASE

16 July 2003

CHEVALIER GROUP 2002-03 ANNUAL RESULTS

(Hong Kong, July 16, 2003) **Chevalier International Holdings Limited ("CIHL") (025)**
For the year ended 31st March 2003, the CIHL Group's turnover was HK\$3.3 billion and profit attributable to shareholders HK\$102 million, representing a slight decrease as compared with last year. The Board of Directors recommends a final dividend of HK10 cents per share. This, together with the interim dividend of HK1.5 cents (adjusted to HK7.5 cents per share after Shares Consolidation as set out below), makes a total dividend of HK17.5 cents per share for the year. Shareholders are given the option to receive shares in lieu of cash dividend.

The sluggish performance was caused by a further deterioration in the local property market. Despite the downturn in business, the Group has made headway in a number of areas.

Lifts & Escalators and Aluminium Engineering: In spite of the difficult business environment, the Lifts and Escalators Division ("LED") was able to maintain the turnover and continued to contribute significantly to the operating profit of the Group. LED and the Curtain Walls and Aluminium Windows Division ("CAE") jointly secured a large-scale contract for the "Hong Kong Four Seasons Hotel", the largest six-star hotel in Hong Kong scheduled to open in 2004. Another major contract awarded to LED is to supply and install lifts for the Kwai Chung Estate Phase 5 managed by the Hong Kong Housing Authority.

CAE was also awarded the curtain wall contracts for Cyberport Development and part of the International Finance Centre - Phase II. The division maintained a sound growth despite the weak construction market.

Pipe Rehabilitation: During the year, Preussag Pipe Rehabilitation Hong Kong Limited was awarded various contracts from both public and private sectors. However, its business volume was below expectation due to the delay in the launch of government projects.

In line with the Group's strategy of establishing strong foothold in the "No-Dig" pipe rehabilitation technology, it has continued to increase its equity interest in NordiTube Technologies AB ("NordiTube") and RibLoc Group Limited ("RibLoc"), to 54.21% and 21.54% respectively. Both companies specialize in the development of such technology and manufacturing of related materials. In addition, the joint-venture arrangement with PRS Rohrsanierung GmbH ("PRS") has been diluted to such an extent that the Group has, on top of the equity holding in Norditube and RibLoc, a direct control over the business in Asia. Accordingly, the Group's interest in PRS has been substantially reduced.

Environmental Engineering: The project at Tai Po Water Treatment Plant was completed in June, 2003 whilst the contract on the environmental installation for Irrigation Pumping Station at Penny Bay progressed on schedule. The medical waste treatment facility in Manila using microwave



disinfection technology performed well. The Group aims at expanding this business into the Mainland and other countries in the region.

Hotel Investment: The occupancy rates of Chevalier Hotels in Xinyang and Dongguan maintained at a satisfactory level whilst the four-star hotel in Jiujiang increased to 75%, especially during the Golden Week in the Mainland last year.

Insurance: The Insurance Division was able to achieve a satisfactory growth despite keen market competition, with turnover increased to over HK\$313 million.

Property Investment and Property Management: During the year, the Group's luxury residential property in Shanghai, Chevalier Place, maintained an occupancy rate of over 80% whilst the investment properties in Hong Kong maintained a steady income of about HK\$21 million during the year.

Chevalier Property Management Limited("CPM") was awarded a number of management contracts during the year from both private and public sectors, including residential estates, commercial and industrial buildings, shopping arcades, carparks and communal facilities. CPM was admitted onto the Approved List of various categories of the Hong Kong Housing Authority.

Logistics and Warehousing: The logistics and warehousing business last year was able to contribute steadily to the Group. The warehouse in Kwai Chung delivers various efficient and reliable cold storage services to customers and Chevalier Cold Storage and Warehousing Limited was accredited with the ISO9002 certification by the Hong Kong Quality Assurance Agency in January, 2003.

Overseas Business: During the year, operating profit of the automobile business in Canada increased by 40%. Moreover, Action Honda has won the "Quality Dealer Award" by Honda Canada for the third consecutive year.

The performance of trading and distribution business in the West Coast of the United States improved significantly during the year. This business mainly involves import, distribution, wholesale and marketing of oriental food. The Group has gained exclusive distributorship of several renowned food products, all of which were well accepted by the market.

Chevalier iTech Holdings Limited ("CiTL")(508)

A reduced turnover of HK\$688 million, representing a decrease of 11% from last year, was recorded for CiTL Group due to the loss incurred in the closure of its retail operations. Loss for the year amounted to HK\$23 million. The Board does not recommend the payment of final dividend.

Intense competition in PC products continued to affect the performance of the Computer Division. In anticipation of the continued economic uncertainties and unfavourable business environment, the CiTL Group took a difficult but necessary decision to discontinue most of the retail shops and mobile phone franchise shops, and loss was incurred as a result.



On the other hand, the first Chevalier Shop Digital Gallery with a brand new service concept was opened in Causeway Bay in December 2002. The Gallery comprises a "Toshiba Customer Care Service Centre" with professional customer service staff offering tailor-made and efficient after-sales services for customers of Toshiba notebook computers.

The large-scale contracts of the IT & Network Solutions Division on hand, including New TV City, International Finance Centre - Phase II and KCRC West Rail, progressed well. The Office Equipment Division and the After-sales Services Division were able to maintain a stable performance. However, the overall contribution from these divisions deteriorated due to fierce competition and sluggish market condition.

The CiTL Group's operation in Thailand continues to perform well as the economic growth in Thailand remains strong in recent years.

Chevalier Construction Holdings Limited ("CCHL")(579)

The CCHL Group recorded a rise in operating profit to HK\$18 million (2002: HK\$6.5 million). Profit attributable to shareholders was HK\$7.4 million (2002: HK6.7 million) and earning per share was HK2.98 cents (2002: HK 2.7 cents). The Board does not recommend the payment of final dividend.

As of 31st March 2003, the outstanding value of contracts of the CCHL Group on hand continued to decline as activities in the local property market further depressed. Value of building construction and civil engineering contracts on hand for the CCHL Group amounted to approximately HK\$38 million and HK\$202 million respectively.

Subsequent to the year end, the CCHL Group was awarded the contract to build the International Wetland Park in Tin Shui Wai, New Territories. The project included all the associated building service installations, drainage works, utility connection and pavement works of the Park, which will offer facility for Hong Kong citizens to observe the wetlands and natural scenery around Mai Po Marshes Nature Reserve and Hau Hoi Wan. The contract for the construction of Lam Tin Primary School at Kwun Tong was progressed on schedule during the year.

During the year, the civil engineering contracts of the CCHL Group on hand were the construction of seawalls and reclamation at Tseung Kwan O Port Development at Area 137, Stage 2, and Jordan Road Reclamation Phase III and Remaining Engineering Works.

Subsequent Events:

On 30th April 2003, the Board of CIHL proposed to consolidate every five existing issued and unissued shares of HK\$0.25 each into one new share of HK\$1.25 each in the share capital of CIHL. At the same time, the Board of CiTL proposed to consolidate every five existing issued and unissued shares of HK\$0.10 each into one new share of HK\$0.50 each. The Shares Consolidation of CIHL and CiTL were approved by the shareholders at the respective Special General Meeting of



the Company held on 5th June 2003. Details of which were contained in a circular of the Company dated 20th May 2003.

In spite of the uncertain operating conditions, the Group's diversified business strategy in Hong Kong and overseas enables it to withstand the impact of global economic volatility and maintain a stable performance. Looking forward, the Group will adhere to its stringent cost control measures and look for new opportunities to develop business especially in the Mainland.

- End -