PRESS RELEASE 11 July 2002

Chevalier Announces 2001/02 Annual Results

Chevalier International Holdings Limited ("CIHL") (025)

For the year ended 31st March, 2002, the Group's turnover was HK$3,339 million, representing a decrease of 11% from last year. Profit attributable to shareholders reduced to HK$111 million, a decrease of 35.1% over the same period last year. The Board of Directors recommends a final dividend of HK1.5 cents per share. This, together with the interim dividend of HK2 cents, makes a total dividend of HK3.5 cents for this year. Shareholders are given the option to receive shares in lieu of cash.

Building Services: The Lifts and Escalators Division was awarded numerous contracts from both private and public sectors. In August last year, Chevalier Australia Holdings Pty Limited was set up in Sydney, Australia. This office will provide design, engineering management and installation services of curtain walls and aluminium windows.

Pipe Rehabilitation: Preussag Pipe Rehabilitation Hong Kong Limited ("PPRHK"), a joint venture with the German pipe relining expert PRS Rohrsanierung GmbH ("PRS") has completed a number of pipe-relining projects successfully for various government departments such as Water Supplies Department, Drainage Services Department, Housing Department and Highways Department. Currently, the Division has secured several major pipe rehabilitation contracts in Singapore and various trial projects in Hong Kong.

Environmental Engineering: Performance of the Environmental Engineering Division was satisfactory with the improved operating results compared with last year. Major contracts awarded during the year including the environmental related installation at Irrigation Pumping Station for Penny's Bay Development. The Group has negotiated with Bangkok Metropolitan Administration for the design, supply, testing and commissioning for the Sludge Treatment System. Several sewage treatment plant and wastewater treatment system contracts were also under tendering process in the Mainland.

Hotel Investment: Performance of the Group's two hotels in Xinyang and Jiujiang of Mainland China improved with the occupancy rates for both hotels increased to 70%. The third hotel in Dongguan was opened in August 2001. It comprises 96 rooms and provides wide range of dining, recreation and business facilities. After its opening, it recorded a steady growth in occupancy and revenue.

Insurance: The Insurance Division improved substantially during the year. Gross premium and net profit recorded over HK$300 million and HK$18 million respectively as compared with last year. The division set up a representative office in Beijing in July last year.

Property Investment and Property Management: Occupancy rate of the luxury residential property in Shanghai, Chevalier Place, remained high. Investment properties in Hong Kong maintained a

steady income generating about HK$15 million during the year.
The Property Management Division achieved steady growth in both turnover and contribution. Currently, it manages 16 estates and buildings in Hong Kong with a portfolio of over 17 million square feet.

Logistics: In February 2002, the Group entered into the cold storage business via Chevalier Cold Storage and Warehousing Limited, by acquiring a eighteen-storey warehouse located at Kwai Chung at HK$230 million. The warehouse comprises 428,000 square feet of total floor area and 60,000 square feet of carpark space, offering various facilities such as freezer, chiller, air-conditioned warehouse and bonded warehouse.

Automobile: Operating profit of the automobile business in Canada increased by more than 30%

The Group is optimistic at developing business in the Mainland. Backed by the Group's expertise and experience, as well as its well-established network in the Mainland, the Group is in an advantageous position to seize more business opportunities arising from the Mainland in the coming years. The Group considers that the current weak economic environment offers a golden opportunity to reposition and consolidate business in Hong Kong and overseas markets. With the implementation of various stringent cost control measures during the year, the Group is now in strong position to ride out the current economic downturn.

Subsequent Event: On 6th March, 2002, the Board proposed a voluntary unconditional cash offer through its wholly-owned subsidiary, Success Vantage Limited (the "Offeror"), to acquire all the ordinary shares of S$0.20 each in the capital of Chevalier Singapore Holdings Limited ("CSHL") at an offer price of S$0.45.

At the close of the offer period, the Offeror has acquired 99,601,000 shares in CSHL, representing approximately 88.53% of the issued share capital of CSHL. As the Offeror had received acceptances of the Offer less than 90% of the issued share capital of CSHL, the Offeror is not entitled under the Singapore Companies Act to privatise CSHL. CSHL will remain listed on Singapore Exchange Securities Trading Limited with a public float of approximately 11.47%.

CHEVALIER iTECH HOLDINGS LIMITED ("CiTL") (508)

CiTL Group has recorded the turnover of approximately HK$775 million, representing a decrease of 26%. The drop in turnover was mainly due to the weak global economy and the fierce competition in IT market. Loss for the year amounted to HK$9.43 million. Loss per share was HK1.1 cents. The Board does not recommend the payment of any final dividend.

Computer: Total sales of the Computer Division dropped by more than 28% due to the shrinkage in capital spending in the commercial sector.

Network Solutions: Major contracts secured by Chevalier (Network Solutions) Limited included the contract from Television Broadcasts Limited for the New TV City in Tseung Kwan O and the broadband infrastructure network and in-building ELV systems contract for International Finance Centre, Phase II in May 2001.

Telecommunication: Both turnover and contribution of the Telecommunication Systems & Services Division recorded a significant drop during the year as the mobile phone market in Hong Kong has almost saturated. Currently, CiTL Group operates a total of 14 Chevalier Shops and 26 franchise shops.

Office Equipment: The Office Equipment Division experienced another difficult year but the situation stabilised. The turnover of the After-sales Services Division decreased slightly but the profit margin improved due to the improvement in the operating efficiency and tight cost control.

Household Goods: Overall performance of Q-Mart Shops was unsatisfactory mainly due to intensive competition.

The operating environment of the CiTL's business will remain difficult in the foreseeable future. However, the Mainland's rapid economic growth will open up numerous business opportunities. Looking forward, the Management will continue prudently to develop business especially in the Mainland and resort to stringent cost control measures in order to maintain its competitive edge. With the experienced management team and the expertise in the IT industry, CiTL is well positioned to withstand the tough economic climate.

CHEVALIER CONSTRUCTION HOLDINGS LIMITED ("CCHL") (579)

CCHL Group recorded an operating profit of HK$6.5 million compared with a loss of HK$29.8 million last year. Profit attributable to shareholders was HK$6.7 million (loss of HK$27.6 million in last year) and earning per share increased to HK2.7 cents (loss of HK11.66 cents in last year). The Board does not recommend the payment of any final dividend.

Building Construction & Civil Engineering: CCHL was awarded a construction contract of Lam Tin Primary School in Lam Tin Estate Redevelopment, Kwun Tong. This project commenced in February 2002 and is targeted for completion in July 2003.

As at 31st March, 2002, the outstanding value of construction contracts and civil engineering contracts to be completed amounted to HK$79 million and HK$182 million respectively.

Concrete: Operating profit of Yue Xiu Concrete Company Limited, an associated company of the Group, maintained at a satisfactory level.

In order to maintain its competitiveness, CCHL controlled its expenses effectively by streamlining the organisation and internal control procedures. Looking forward, CCHL will strive to enhance efficiency in project management and cost control. CCHL will also capitalize on its expertise and experience in the construction industry so as to enhance the value to its shareholders.

CHEVALIER SINGAPORE HOLDINGS LIMITED ("CSHL")

The turnover of CSHL declined by 15.5% to S$30.4 million mainly due to the decrease in both number and value of the lift and escalator installation projects completed during the year. The operating profit before income tax of CSHL increased by 7.9% to S$8.4 million as compared to previous year. The increase in profitability was primarily attributable to the increase in gross profit contributed by the increase in revenue from upgrading, retrofitting, testing and commissioning, servicing and maintenance of lifts and escalators. CSHL's investment properties maintained a stable rental income.

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