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Chevalier International & Chevalier Pacific Announce 2010/11 Interim Results

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Chevalier International Holdings Limited ("CIHL" or "the Group"; stock code: 025.hk) and its subsidiary Chevalier Pacific Holdings Limited ("CPHL"; stock code: 508.hk) announced their interim results for the six months ended 30 September 2010.

Chevalier International Holdings Limited

The Group recorded a significant profit of HK$598 million (2009: HK$128 million) for the six months ended 30 September 2010 unaudited interim results. This was primarily due to the recognition of gains from the disposal of two property development projects in Mainland China and an 80% interest in the Pacific Coffee Group. At the same time, the Group's revenue decreased by 15.2% to HK$1,673 million (2009: HK$1,972 million), mainly as the result of the deconsolidation of its lifts and escalators business since it was disposed of in December 2009, and the Pacific Coffee business since it was disposed of in July 2010. Earnings per share was HK$1.85 (2009: HK$0.30 per share).

The Board of Directors of CIHL recommends the payment of an interim dividend of HK$0.20 (2009: HK$0.15) and a special dividend of HK$0.40 (2009: nil) per share.

CIHL is a diversified holding company which is principally engaged in the businesses of Construction and Engineering, Insurance and Investment, Property, Food and Beverages, together with Computer and Information Technology and Others.

Chevalier Pacific Holdings Limited

CPHL's revenue from its continuing operations was up by 7.1% to HK$121 million for the six-month period ended 30 September 2010 (2009: HK$113 million). A significant profit of HK$219 million (2009: HK$0.9 million) was recorded for the operations that were discontinued following the completion of the Group's disposal of an 80% interest in Pacific Coffee to China Resources Enterprise, Limited on 7 July 2010. As a result, there was a substantial surge in the profit attributable to equity holders to HK$162 million (2009: HK$0.7 million). Earnings per share was HK7.00 cents (2009: HK0.03 cent per share as adjusted for the effect of the share subdivision on 30 March 2010).

The Board of Directors of CPHL has resolved not to declare any interim dividend for the six months ended 30 September 2010 (2009: HK0.1 cent per share).

CPHL is an investment holding company which is principally engaged in food and beverages, investments in securities as well as natural resources business.

For details of each of our segment results, please refer to the announcements of CIHL & CPHL's interim results.

Prospects

The US Federal Reserve Board's implementation of various aggressive monetary stimulus packages will affect liquidity and have implications for the world's asset markets. Hong Kong has experienced a period of strong growth, and it is well positioned to benefit from China's strong economic growth during the coming year.

The Group's disposal of property projects in Mainland China at the right time and the formation of strategic partnerships in its various businesses will help to maintain its long-term growth momentum in the future. Regulatory adjustments were made to the property market there during the first half of the Group's financial year, with a view to curbing demand for residential property for speculative purposes. However, the Group considers that this will create opportunities to become involved in more property development projects.

The Group expects the construction industry will be kept busy with a number of new large-scale projects that will be in the pipeline during the next few years. They include MTR projects, the express rail project, the Kai Tak Development project, the West Kowloon Cultural District development project, institutional projects and environmental engineering projects. Even so, rising labour and materials costs are likely to pose major challenges to contractors. With this in mind, the Group will bid cautiously for forthcoming construction and engineering projects.

Igor's will continue to look for opportunities to establish additional Wildfire stores and new restaurant and bar concepts throughout Hong Kong. In view of the currently high property rental prices, its plans to expand in Hong Kong will be relatively conservative. Also, it will focus on renewing and extending the leases of its existing outlets on favourable terms.

The Mainland China Government's stimulus policies, the accelerating urbanisation trend, and increasing household disposable incomes make the Group feel optimistic about the future revenue and contributions from the car dealership businesses of its associates. It will therefore continue to seek out fresh opportunities in this sector during the second half of the financial year.

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Details of the announcement can be found on our website: http://www.chevalier.com/

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