CHEVALIER

Press Release July 16, 2008

CHEVALIER INTERNATIONAL AND CHEVALIER PACIFIC
ANNOUNCE 2007/08 ANNUAL RESULTS
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CHEVALIER INTERNATIONAL ACHIEVES A HEALTHY GROWTH IN REVENUE DRIVEN BY ITS CORE BUSINESSES
CHEVALIER PACIFIC CONTINUES TO STRENGEHEN COMPETITIVENESS IN LIFESTYLE F&B MARKET

BOTH COMPANIES DECLARED FINAL DIVIDENDS
WITH DIVIDEND PAYOUT OF OVER 50% WITH STRONG OPERATING CASH FLOW

	CIHL		CPHL	
For the year ended 31 March	**2007/08**	**2006/07**	**2007/08**	**2006/07**
Revenue (Note A)	HK$5,569 million	HK$4,665 million	HK$311 million	HK$260 million
Profit Attributable to Equity Holders	HK$231million	HK$318 million	HK$26 million	HK$33.7 million
Earnings per Share	HK$0.83	HK$1.14	HK$12.25cents	HK$18.57 cents
Total Dividend per Share for the year	HK$0.45	HK$0.50	HK$10 cents	HK$6.5 cents

Note: Revenue for CPHL is from continuing operations only.

(Hong Kong, July 16, 2008) 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 2008.

CIHL's revenue for the year increased by 19.4% to HK$5,569 million (2006/07: HK$4,665 million). Profit attributable to equity holders reduced 27.4% to HK$231 million (2006/07: HK$318 million). The drop in profit was mainly due to the decline in profitability of various construction and environmental engineering works suffered from significant price increase in raw materials in additional to the challenges to securities investment segment under turbulent global equity markets. For the former, the Group has imposed more stringent cost controls and project management to mitigate the effects. For the latter, the Group responded by taking prudent steps to trim its bank loans and reduce its equity exposure substantially, thus protecting its cash flow position and demonstrating its emphasis on fiscal prudence and shareholder value.

The Board of Directors of CIHL recommends payment of a final dividend of HK$0.29 (2006/07: HK$0.3) per share. Together with the interim dividend of HK$0.16 (2006/07: HK$0.2) per share paid earlier this year, the total dividend for the year was HK$0.45 (2006/07: HK$0.5) per share, resulting in dividend payout of 54.4%.

CPHL achieved revenue growth from continuing operations of 20% to HK$311.4 million which was mainly from its food and beverages operations during the year under review as compared to same period last year. However, operating losses and a one-time write-off incurred by the closure of certain Pacific Coffee stores and bakery operations in Mainland China, together with unrealized loss in revaluation of securities investment, resulted in a drop in profit attributable to equity holders of 23% to HK$26 million.

The Board of Directors of CPHL recommends payment of a final dividend of HK 7 cents (2006/07: HK 4 cents) per share. This, together with the interim dividend of HK 3 cents (2006/07: HK 2.5 cents) per share, represented a total dividend of HK 10 cents (2006/07: HK 6.5 cents) per share and dividend payout of 81.6%.

During the year under review, the Group was able to capitalize on increased demand for the construction, installation and maintenance of lifts and escalators, E&M engineering projects, aluminium windows and pipe technology services, resulting in a 28 % increase in revenue for its construction and engineering segment from HK$3,003 million to HK$3,845 million. The total value of the major contracts on hand for this segment remains at HK$3.2 billion. Most of the resources and efforts of the E&M division were focused on Macau in the year under review, which provided additional revenue and steady profit contribution as compared to last year. While the aluminium windows and curtain wall division and lifts and escalators division recorded another year of satisfactory performance.

Revenue and profit generated from property development increased substantially to HK$367 million and HK$501 million respectively. The increase in profit was mainly due to the cold storage business and the revaluation of the Group's investment properties in the PRC and Hong Kong. A fair value gain of HK$387 million was recorded on revaluation of those investment properties located in the Mainland and Hong Kong. The latest addition to the Group's property development projects in Beijing, Chengdu, Hefei and Shenzhen is a project in Changchun of over 700,000 sq.m. Although austerity measures have been implemented to cool down the overheated property markets in Mainland China, the Group strongly believes that property prices there will regain momentum due to strong local market demand, improved affordability and robust economic growth, and it is confident that its projects will yield satisfactory return in the coming years.

Revenue and profit from Food and Beverages, IT and other businesses increased to HK$1,251 million and HK$62 million respectively. During the year, Pacific Coffee in Hong Kong achieved steady revenue and encouraging operating profit. The total number of Pacific Coffee stores in Hong Kong stood at 63 as of 31 March 2008 as compared to 51 in March last year. Benefiting from a robust economic environment and the Group's continued investment in branding, product quality and services, same-store sales in Hong Kong grew an impressive 8.3 % during the year and total revenue climbed 19.5% to HK$265.8 million. Contributions from our 49%-owned Igor's Group of bars and restaurants recorded exceptionally remarkable performance of a two-third increase in revenue with a net profit contribution more than double the last calendar year. With the synergies gained from the central kitchen, the Group is optimistic about the future of the F&B business in Hong Kong.

Prospects

Dr CHOW Yei Ching, Chairman of CIHL and CPHL, said, "pursuant to the Sales and Purchase Agreement, the Group will dispose of 75% of its interests in a pipe technology business to Sekisui Chemical Co., Ltd. ("Sekisui"), a company listed on the Tokyo Stock Exchange and Osaka Securities Exchange that provides a natural fit due to its sizeable presence in the construction materials industry. The Group is confident that this will fuel further growth by improving competitiveness and marketability. The transaction should also enable the Group to realize an estimated profit of over HK$100 million, which will be recognized in 2008/09 upon closing of the disposal.

Following this, the Group will focus on developing niche businesses for the Hong Kong pipe rehabilitation market and its new Australian technology, Plastream, under the Rib Loc brand. With the Drainage Services Department and Water Supplies Department's launch of comprehensive water mains improvement schemes, which are respectively aimed at renovating Hong Kong's sewage infrastructure and aged freshwater and saltwater mains in the coming years, the Group is optimistic about the prospects of this division.

To sustain long-term growth in the PRC property development business, we continued to look for opportunities in 2nd tier cities and acquire a premium land bank during the year. As of 31st March, 2008, the total GFA of our land bank amounted to over 1,500,000 sq.m., which should be sufficient to support our development plans in the coming 5 years.

The Group is also optimistic about the prospects of its high-end food and beverages business. Being one of the major F&B operators in Hong Kong, operating 78 Pacific Coffee outlets and 29 Igor's bars and restaurants globally and equipped locally with a sizable central kitchen run by Igor's, the Group is in a competitive position to achieve economies of scale, further enhance food quality and variety, and take positive steps in sales-building and cost-reduction initiatives.

As our shareholders know, the name "Chevalier" is the French word for "Knight", signifying our spirit and commitment to succeed no matter what the circumstances. With a strong balance sheet and ample liquidity position, coupled with prudent, disciplined financial management proven over the past 30-plus years, the Board strongly believes that the Group can live up to its namesake, weather the current challenges and continue on its path to future success. On behalf of the Board, I thank the management and staff for their hard work and professionalism and look forward to another successful year together."

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