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Chevalier International and Chevalier Pacific
Announce 2007/08 Interim Results
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Chevalier International Achieves a Healthy Growth in Revenue Driven by its Core Business
Chevalier Pacific Continues to Extend Footprint in F&B Market

Financial Highlights:

- CIHL's revenue increased 14.2% to HK$2,647 million, mainly driven by the added revenue from its construction and engineering segment
- CPHL's revenue of continuing operations saw a 23% rise to HK$149 million buttressed by the fast-growing overall market regime and steady growth of Pacific Coffee and Igor's shops, and total profit of CPHL improved 31% to HK$20.5 million
- CIHL recommended the payment of interim dividend of HK 16 cents per share, and CPHL recommended the payment of interim dividend of HK 3 cents per share

(Hong Kong, 12 December 2007) - Prominent construction and engineering services provider Chevalier International Holdings Limited ("CIHL" or the "Group"; stock code: 25.hk) and its subsidiary, food and beverage operator, Chevalier Pacific Holdings Limited ("CPHL"; stock code: 508.hk) today announced their interim results for the six months ended 30 September 2007.

During the period under review, the Group's revenue increased 14.2% to HK$2,647 million (2006/07: HK$2,508 million). Profit attributable to equity holders amounted to HK$112.6 million (2006/07: HK$160 million). The booking of electrical and mechanical ("E&M") and building construction projects in Macau and Hong Kong, aluminium window projects in Australia and Macau, together with steady growth in lift and escalator contracts boosted our revenue as compared with the same period last year.

The Board of Directors of CIHL recommends the payment of an interim dividend of HK 16 cents (2006/07: HK 20 cents) per share.

CPHL's revenue was up 23% from continuing operations to HK$149 million for the six-month period (2006/07: HK$121 million). Excluding a one time write off of HK$3.5 million for closing two unprofitable Pacific Coffee stores in Mainland China, net profit from continuing operations increased by 34% to HK$14.6 million (2006/07: HK$10.9 million) and total profit of CPHL improved 31% to HK$20.5 million (2006/07: HK$15.7 million). Same store sales of Pacific Coffee in Hong Kong grew by an impressive 10% and total revenue climbed 22% to HK$126 million driven by the favourable market environment, successful branding and high quality of product and service. In order to strengthen the performance of Pacific Coffee and tap synergies of the business, a loyalty card system and a revamp of food strategy enabled by the new central kitchen under Igor's is coming into operation.

As at 30 September 2007, CPHL operated 71 Pacific Coffee stores and 26 Igor's outlets. Recently CPHL opened several new outlets including "Watermark" on the 2nd floor of the new Star Ferry Pier in Central, boasting a 270 degree grand seaview as well as the 2 new outlets in Elements, the new high-end shopping complex on top of the MTR Kowloon Station, namely "Stormies" and "Wildfire".

The Board of Directors of CPHL recommends the payment of an interimdividend of HK 3 cents (2006/07: HK 2.5 cents) per share.

Dr. CHOW Yei Ching, Chairman of CIHL and CPHL, said, "The Group continues to make significant strides in the segments of our expertise, namely property as well as the construction and engineering segment. Strong revenue from these segments compensated the drop in certain businesses. Furthermore, we are pleased that our focus on food and beverage business has achieved positive returns. We shall further strengthen our network to capture a growing share of the thriving segments."

Construction and Engineering

- Revenue of this sector increased by 24% to HK$1,800 million from last year's HK$1,454 million
- Segmental profit decreased by 24% as a result of a decline in profit growth booked for environmental projects and various construction projects
- Revenue booked of construction projects and E&M engineering projects in Macau and Hong Kong, as well as aluminium window contracts in Australia and Macau has increased
- Major projects on hand included construction of "The Praia" in Macau, supply and installation of lifts and escalators and E&M works for the Galaxy Resort and Casino in Cotai City and the expansion phase of Wynn Resorts in Macau, and aluminium window works on Wai Yip Street, Kwun Tong
- Revenue of the pipe technologies business continued to increase, helping to alleviate loss. Satisfactory progress made in developing new technologies and solutions for the U.S. market, and also continued to streamline its pipe technologies operations and control operational cost of such businesses in Europe, Australia and Asia so as to improve profitability of the segment

Insurance and Investment

- Revenue decreased from HK$71 million to HK$57 million
- Segmental profit decreased in line with revenue from HK$68 million to HK$50 million
- The Group adopted a more prudent investment strategy. To ensure growth of the segment, the Group has been developing innovative insurance products to diversify its Hong Kong business and will continue to explore overseas markets including Vietnam and Macau
- Riding on strong liquidity flows from the PRC and the strong economic fundamentals of Hong Kong and Mainland China, the Group is confident to strive for satisfactory returns from its diversified investment portfolio

Property

- Revenue increased to HK$159 million
- Segmental profit increased to HK$65 million. The increase in profit was mainly contributed by the cold storage and logistics business, and hotel and property investment
- Good progress is made particularly on property development in Mainland China. The Group received very encouraging buyer response in the pre-sale of the residential project "Chevalier Tower" in Chengdu and Phase I of the villa development "My Villa" in Beijing. Profit contribution from these projects will be booked in the coming years when the properties are completed and delivered to buyers
- The latest addition to the Group's property development projects in Beijing, Chengdu, Hefei and Shenzhen, is a more than 700,000 sq. m. re-development project in Changchun
- The Group secured a HK$1 billion 5-year club loan from six banks in November 2007 to fund growth of the segment

Prospects

In the recent Policy Address, the Chief Executive of the HKSAR announced his plan to put forward 10 major infrastructure projects, costing about HK$250 billion in total or 17% of the nominal GDP of Hong Kong. As the leading construction and engineering services provider in Hong Kong, the Group will benefit from a mid- to long-term growth impetus in the coming years.

In China, the Group expects to see continued growth in the general economy and major areas including private consumption, investment and exports. Liquidity will remain ample while the general pace of growth will become more moderate; wages and other costs will continue to rise and monetary control will be further tightened. Anticipating persistently strong demand for housing, the Group is optimistic about bigger revenue from property sales, which will become a stable income source in the years to come.

Dr. Chow concluded, "We see a favorable operational environment in both Hong Kong and China in the years ahead. Riding on our solid global foundation, we will continue to grasp business opportunities with sound potential. With clear business direction and against a rosy market outlook, we will continue to strive for ample rewards for our shareholders."

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