



PRESS RELEASE

10 December 2004

**CHEVALIER INTERNATIONAL
ANNOUNCES 2004 / 2005 INTERIM RESULTS**

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**TURNOVER RISES 16% TO HK\$1.8 BILLION
NET PROFIT SURGES 66% TO HK\$125 MILLION**

(Hong Kong, 10th December 2004) - Prominent construction and engineering services provider, Chevalier International Holdings Limited ("CIHL" or the "Group") (stock code: 25), today announced its interim results for the six months ended 30th September 2004. In the review period, the Group continued its growth momentum in turnover and profit. Turnover increased by 16.3%, compared with the same period of last year, to HK\$1.8 billion, while net profit grew a tremendous 66.4% to HK\$125 million. Income from rental property and cold storage warehouse climbed substantially, leading to robust growth in the Group's overall profitability.

The Board of Directors has recommended an interim dividend of HK20 cents per share (2003/04: HK10 cents per share).

Chevalier iTech Holdings Limited ("CITL") (stock code: 508) recorded turnover and net profit of HK\$320 million and HK\$2.5 million respectively for the six months ended 30th September 2004. The performance of the computer division was encouraging despite the difficult market situation.

The Board of Directors has recommended the payment of an interim dividend of HK1 cent per share (2003: HK2 cents per share).

Dr. CHOW Yei Ching, Chairman and Managing Director of CIHL, said, "We are pleased to announce the continuous growth of CIHL. The Group's outstanding performance in the first half of 2004/05 demonstrated our success of maintaining a balanced business portfolio with focus on generating strong income and cash flow. Although we had to face challenges arising from the unsettled economic environment, we overcame them and got back successfully onto the growth track."

Construction and Engineering

During the period under review, the turnover of this sector increased from HK\$760 million to HK\$986 million. Among other divisions, the [pipe technologies](#) business grew remarkably. With greater customer appreciation of the benefits of "no-dig" pipe technologies, the division secured various new contracts from both the public and private sectors in Hong Kong. Moreover, the business of Norditube Technologies AB and Rib Loc Group Limited, the Group's subsidiary in Europe and Australia respectively, also improved. Currently, the Group has strong foothold in Hong Kong, China, Singapore, Taiwan, India, Europe, Australia and the Middle East.

Thriving in an extremely competitive atmosphere, the Group's flagship division, lift and escalators, continued to generate stable income with major contracts on hand for Nina Tower and the Four



Seasons Hotel in Hong Kong. Other divisions, including Building Construction and Civil Engineering and Environmental, Electrical and Mechanical Engineering, continued to secure new contracts in the period under review. The Building Construction and Civil Engineering division held on hand contracts of total worth HK\$850 million, whereas the latter saw improved turnover. The turnover of Aluminum Windows and Curtain Walls lessened due to decrease in the number of large-scale contracts in Hong Kong and Mainland China.

Insurance and Investment

During the review period, the growth in insurance business was hindered by keen market competition while the investment market was extremely volatile, the turnover of the segment was therefore lead to a decrease from HK\$155 million to HK\$126 million. The Group has closely monitored its investment portfolio and continued to adopt prudent investment strategy with majority holding of fixed income and deposit.

Property and Hotel

The Property and Hotel sector was the major growth driver of the Group's overall performance during the period with turnover increased from HK\$153 million to HK\$184 million. The Group's warehousing business grew with its 18-storey warehouse in Kwai Chung fully occupied. Chevalier Place, the Group's luxury residential property in Shanghai, maintained an occupancy rate of around 80%, while hotel businesses in the PRC and Vancouver also performed well. Progress of real estate projects in Chengdu and Hefei in the Mainland was satisfactory.

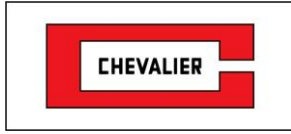
IT and Other Business

During the period under review, the turnover of this sector increased from HK\$262 million to HK\$290 million. The performance of the computer division was encouraging. Such performance, however, was offset by the decline in profit of the business machine division due to keen competition. The Group's automobile business in Canada and the trading, distribution and wholesales business of food products in the US demonstrated satisfactory results.

Prospects

Looking forward, given the significant increase in turnover of the pipe technology group during the period after a series of reorganization, this division will become the Group's major growth segment in the near future. In addition, the recovery of the property market in Hong Kong also favors the further expansion of the Group's property sector. These factors will facilitate the Group's rapid development in both the local and global markets.

Dr. Chow concluded, "As a small open economy, Hong Kong remains vulnerable to global fluctuation. However, we are confident that Hong Kong will continue to grow next year, as Hong Kong is an important gateway to the Mainland and is poised to take advantage of the emergence of China as a global economic powerhouse. Leveraging these advantages, we will continue our



strategies of expanding our existing businesses and cautiously reviewing other investment opportunities to bring maximum returns to the Group and our shareholders."

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