PRESS RELEASE 18 December 2001

Chevalier announces 2001 interim results

CHEVALIER INTERNATIONAL HOLDINGS LIMITED ("CIHL") (025)

The Group's turnover for the six months ended 30th September 2001 was HK$1,641 million, representing a decrease of 9.9% over the same period last year. Profit attributable to shareholders was HK$75 million, a decrease of 10.3% over the same period last year. The Board of Directors recommends an interim dividend of HK$2 cents.

Insurance: Turnover of the Group's Insurance Division has grown substantially. The paid-up capital of Chevalier Insurance Company Limited has increased from HK$100 million to HK$140 million in December 2001.

Pipe Rehabilitation: In June 2001, the Group invested in PRS Rohrsanierung GmbH ("PRS"), a German pipe relining and rehabilitation contracting company, by acquiring 44% interest in PRS. In September 2001, the Group further invested in this business in Asia by forming a 55:45 joint-venture company, Chevalier-PRS (Asia) Holdings Limited. These subsidiaries have recently been awarded contracts in HK and Singapore, and the Group anticipates considerable growth for this business in the future.

Property Investment & Property Management: Rental yield from Chevalier Place, the luxury residential property in Shanghai, has increased. The Property Management Division maintained a steady growth in both turnover and profit. The Group currently manages 16 estates and buildings in Hong Kong with a portfolio of approximately 20 million square feet.

Hotel Investment: Qi Shi Hotel - Dongguan, the Group's third hotel in the Mainland, was opened in August 2001. The hotel comprises 96 rooms and features various dining, recreation and business facilities. The occupancy rates of another two hotels of the Group in Xinyang and Jiujiang have improved by reaching approximately 70%.

Automobile Dealership: The Group's automobile business in Canada is showing strong profit growth, especially the Automobile Division in Toronto selling Honda vehicles.

Looking forward, the Group will continue to control its operating costs in order to improve its competitiveness and exploit business opportunities, particularly in the Mainland. The Group believes that with its experienced management team, solid financial position and extensive regional network, it is well positioned to face the challenges ahead.

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

CiTL Group's turnover amounted to HK$418 million for the six months ended 30th September, 2001, representing a decrease of 27 % over the same period last year, and reflects a difficult business environment stemming from the global economic slowdown. An operating loss of HK$3.25 million, representing a loss of HK0.38 cent per share was recorded. The Board of Directors recommends an interim dividend of HK1 cent.

Network Solutions: Chevalier (Network Solutions) Limited ("CNSL") has established itself as a quality provider of network solution and system integration services in Hong Kong. Since its inception in last year, CNSL has been awarded a number of large-scale contracts of network solutions and systems integration from local enterprises and corporations.

Telecommunication: With the slow down in the market demand and keen competition among local network operators resulting in lower profit margins of both products and services, the performance of CiTL's Telecommunication System and Services Division was unsatisfactory. The Group operates a total of 19 Chevalier Shops and 32 mobile franchise shops at the end of the reporting period.

Office Equipment: The operating environment of the office equipment business remained difficult with dips in capital expenditure of most corporations. The After-sale Services Division maintained a stable performance.

Household Goods: In the face of the decline in consumer spending and severe competition in household products, Q-Mart Shops focused on re-aligning and streamlining its operation by closing those unprofitable outlets in order to reduce overheads and improve operating efficiency. In the coming year, Q-Mart will continue to pursue rigorous cost control measures. It also plans to open new stores in strategic locations in order to increase market share and widen customer base.

The burst of technology boom in 2000 and the persistent weakness in the domestic economy have slowed down the pace of Hong Kong in developing the knowledge-based economy. Stiff competition has exerted significant downward pressure on the profit margin of high-tech products and services.

However, given the government's determination to promote the development of science and technology, it is expected that the demands for hi-tech products and services will pick up in coming years. Moreover, with the Mainland's rapid economic growth and its successful accession to WTO, numerous business opportunities will emerge in the Mainland's IT and telecommunications markets. Therefore, the Group remains confident in the long-term prospects of IT and telecommunications markets in Hong Kong and overseas.

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

With its continuous efforts in improving operation efficiency and implementing stringent cost control measures, CCHL Group's unaudited consolidated net loss for the six months ended 30th September, 2001 has reduced to HK$1.38 million, compared with a loss of HK$19.76 million last year. A loss per share has also been reduced to HK0.55 cent for the period. The Board of Directors does not recommend the payment of any interim dividend.

Building Construction & Civil Engineering: As at 30th September 2001, the gross and outstanding value of construction contracts on hand of the Group amounted to approximately HK$2,100 million and HK$236 million respectively. Whereas the gross and outstanding value of civil engineering contracts on hand of the Group amounted to HK$580 million and HK$273 million respectively.

Concrete: During the period, Yue Xiu Concrete Company Limited, an associated company of CCHL Group, continued to contribute stable return to CCHL Group.

In an attempt to stabilize the property market, the government has imposed a ten-month moratorium on the sale of subsidized housing in September 2001. The Group believes that those measures taken by the government will have some stabilizing effects on the private sector residential market. However, clouded by the economic uncertainties, the Group anticipates that the construction industry is not likely to rebound in the near term despite recent active trading in the property sales.

During the period, the Group continued to reduce its operating cost and implement prudent policy in selecting sub-contractors and closely monitoring their qualities of works. Looking forward, the Group is well prepared to face the challenges ahead.

CHEVALIER SINGAPORE HOLDINGS LIMITED ("CSHL")

For the six months ended 30th September 2001, the operating profit before tax of CSHL Group was S$3.8 million, representing a decline of 9.8% over the same period last year. Turnover was reduced by 24.1% to S$15.3 million. CSHL Group will continue to achieve a steady growth in revenue from the upgrading, retrofitting, testing and commissioning, servicing and maintenance of lifts and escalators.

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