



## CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司\*

(incorporated in Bermuda with limited liability)

(Stock code: 025)

### PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the unaudited interim results of the Group for the six-month period ended 30th September 2008 may experience a significant decline in profit or may even incur a loss as compared to the profit of the corresponding period ended 30th September 2007.

The information in this announcement is only based on the preliminary assessment of the management accounts of the Group and such information has not been audited or reviewed by the Company's auditors. The unaudited interim results of the Group for the six-month period ended 30th September 2008 are expected to be published in mid December 2008.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Chevalier International Holdings Limited (the "Company" together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company (the "Shareholders") and the potential investors that based on preliminary assessment of the management accounts of the Group and information currently available to the Company, it is expected that the Group will record a loss of approximately HK\$97 million arising from the realised and unrealised loss in the fair value changes in the listed and unlisted investments held for trading and investments available-for-sale, which would be included in the insurance and investment segment for the six-month period ended 30th September 2008 (insurance and investment segment result for six-month period ended 30th September 2007: profit of HK\$49.8 million; for the year ended 31st March 2008: loss of HK\$71 million) as a result of the recent rapid downturn in the financial market.

The Board believes that the investment policy adopted by the Company has been conservative and that the Group holds a balanced investment portfolio comprising

equity, fixed income and structured deposits. As disclosed in the Annual Report for the year ended 31st March 2008, the Group's investment portfolio was approximately HK\$1,158 million. Subsequent to 31st March 2008, in response to the increasing instability of the financial market, the Group has taken proactive acts to continuously reduce a substantial portion of the portfolio to minimize the exposure. As at 30th September 2008, the book value of the total investments held by the Group that were marked to market had a total balance of approximately HK\$754 million, comprising mainly investments in structured deposits of HK\$109 million, debt securities of HK\$177 million, mutual fund of HK\$96 million, private equity fund of HK\$307 million, listed equity of HK\$8 million and the balance mainly being hedge funds, exchanged traded funds and unlisted equity. Most of the principal protected structured deposits and debt securities are investment-graded securities. The Group will continue to reduce its investment portfolio in view of the likely global economic recession. As of today, the investment portfolio does not contain any equity accumulators and currency accumulators (other than for normal US dollars hedging purpose) and loss related to accumulators after 30th September 2008 was minimal.

As stated in the circular dated 13th June 2008 (the "Circular") regarding the disposal of 75% interest in CPT Chevalier Pipe Technologies GmbH to Sekisui Chemical Co., Ltd., the said disposal is expected to result in an estimated gain of approximately US\$15.4 million (equivalent to approximately HK\$120 million) to the Group. The actual gain or loss resulting from the disposal will be determined based on the actual net asset value of the disposal business as at the Completion date with adjustment on the Compensation (as defined in the Circular). Such adjustment is still yet to be finalized. Moreover, such gain, if any, may be offset substantially due to the rise in operating costs in construction and engineering segment mainly on construction materials and labour.

Based on the information available to the Board, the unaudited interim results of the Group for the six-month period ended 30th September 2008 may experience a significant decline in profit or may even incur a loss as compared to the profit of approximately HK\$125.4 million of the corresponding period ended 30th September 2007.

As the Company is still in the process of finalizing its interim results for the six-month period ended 30th September 2008, the information in this announcement is only based on the preliminary assessment of the management accounts of the Group and such information has not been audited or reviewed by the Company's auditors. The unaudited interim results of the Group for the six-month period ended 30th September 2008 are expected to be published in mid December 2008.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Chevalier International Holdings Limited**  
**CHOW Yei Ching**  
*Chairman and Managing Director*

Hong Kong, 7th November 2008

*As at the date of this announcement, the Board of the Company comprises Dr. Chow Yei Ching (Chairman and Managing Director), Mr. Kuok Hoi Sang (Vice Chairman and Managing Director), Mr. Tam Kwok Wing (Deputy Managing Director), Mr. Chow Vee Tsung, Oscar, Mr. Ho Chung Leung and Mr. Ho Sai Hou as executive directors and Dr. Chow Ming Kuen, Joseph, Mr. Sun Kai Dah, George and Mr. Yang Chuen Liang, Charles as independent non-executive directors.*

\* *For identification purpose only*