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**CHEVALIER INTERNATIONAL
HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)



**CHEVALIER iTECH
HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

PROPOSED CONSOLIDATION OF SHARES

The board of CIHL announces the proposed consolidation of every 5 existing issued and unissued share capital of HK\$0.25 each into one new share of HK\$1.25 each.

The board of CiTL announces the proposed consolidation of every 5 existing issued and unissued share capital of HK\$0.10 each into one new share of HK\$0.50 each.

The existing board lot size of CIHL and CiTL shares for trading on the Stock Exchange will remain unchanged upon CIHL Shares Consolidation and CiTL Shares Consolidation taking effect.

It is expected that the respective consolidation will become effective on 6 June, 2003, subject to, among others, the passing of an ordinary resolution by the relevant shareholders at a special general meeting to be held on 5 June, 2003.

PROPOSED SHARES CONSOLIDATIONS

The board of directors of Chevalier International Holdings Limited (“CIHL”) announces that it proposes to consolidate (the “CIHL Shares Consolidation”) every 5 issued and unissued ordinary shares of HK\$0.25 each in the capital of CIHL (“CIHL Existing Shares”) into one new ordinary share of HK\$1.25 each in the capital of CIHL (“CIHL New Shares”).

The board of directors of Chevalier iTech Holdings Limited (“CiTL”) also announces that it proposes to consolidate (the “CiTL Shares Consolidation”) every 5 issued and unissued ordinary shares of HK\$0.10 each in the capital of CiTL (“CiTL Existing Shares”) into one new ordinary share of HK\$0.50 each in the capital of CiTL (“CiTL New Shares” which together with the CIHL New Shares shall collectively be referred to as the “new shares”).

As at the date of this announcement, the authorised and issued share capital of CIHL and CiTL are as follows:

	<u>CIHL</u>		<u>CiTL</u>	
	HK\$	No. of CIHL Existing Shares	HK\$	No. of CiTL Existing Shares
Authorised share capital	425,000,000	1,700,000,000	120,000,000	1,200,000,000
Issued share capital	327,307,966	1,309,231,865	85,677,935	856,779,350
Colour of share certificates		pink		dark blue
Board lot size		2,000		4,000

Immediately after CIHL Shares Consolidation and CiTL Shares Consolidation, it is expected that the authorised and issued share capital of CIHL and CiTL are as follows:

	<u>CIHL</u>		<u>CiTL</u>	
	HK\$	No. of CIHL New Shares	HK\$	No. of CiTL New Shares
Authorised share capital	425,000,000	340,000,000	120,000,000	240,000,000
Issued share capital*	327,307,966	261,846,373	85,677,935	171,355,870
Colour of share certificates		red		green
Board lot size		2,000		4,000

* Such figure will be adjusted for any shares issued or repurchased between the date of this announcement and the effective date of the respective consolidation. The respective CIHL New Shares and CiTL New Shares will rank pari passu with each other.

As at the date of this announcement, CIHL and CiTL had no outstanding warrants or convertible or exchangeable securities. As regards outstanding options granted by the respective company pursuant to their respective share option scheme, the relevant exercise prices applicable to all such options will be adjusted as a result of the respective consolidation by a factor to be certified by the respective company's auditors.

The existing board lot of shares of CIHL and CiTL for trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will remain unchanged upon the respective consolidation becomes effective.

Fractions of new shares arising upon the respective consolidation will be aggregated and sold for the benefit of the relevant company. Each of the consolidations will not, of itself, alter the underlying assets, business, management or financial position of the respective company, nor will the proportionate interests of the shareholders be changed as a result of the consolidation, save as regards, the *de-minimis* impact arising out of the treatment of fractional entitlements as referred to above.

REASONS FOR THE CONSOLIDATIONS

Both the Directors of CIHL and the Directors of CiTL have decided to put forward their respective proposed consolidation as they believe it is appropriate that the traded value of their company's board lots be commensurate with other companies of a similar market capitalisation. In addition, the proposed consolidations will reduce the number of board lots in the market and, as a result, the handling costs and transaction charges for the respective company and for those whose interests in CIHL or CiTL are held through CCASS (as defined below) will be reduced, which the Directors of CIHL and the Directors of CiTL believe is in the interests of their respective company and shareholders.

As at the date of this announcement, neither of CIHL nor CiTL has any intention of raising funds upon the consolidation becoming effective.

CONDITIONS OF THE CONSOLIDATIONS

Each of the proposed consolidations is conditional on the following conditions:

- (a) the passing of an ordinary resolution by the respective shareholders at a special general meeting ("SGM") to approve the relevant consolidation; and
- (b) the Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the CIHL New Shares and the CiTL New Shares.

The CIHL Shares Consolidation and the CiTL Shares Consolidation are not inter-conditional.

LISTING AND DEALING

Application will be made by CIHL and CiTL to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, CIHL New Shares and CiTL New Shares respectively.

Subject to the granting of the listing of, and permission to deal in, the CIHL New Shares and CiTL New Shares on the Stock Exchange, these new shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by HKSCC ("CCASS") with effect from the commencement date of dealings in the new shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

FREE EXCHANGE OF SHARE CERTIFICATES

Subject to fulfilment of the conditions and the respective Consolidation taking effect, it is expected that, as from 6 June, 2003, new share certificates for CIHL will be issued in board lots of 2,000 CIHL New Shares and new share certificates for CiTL will be issued in board lots of 4,000 CiTL New Shares. Respective existing share certificates can be submitted to CIHL or CiTL's Hong Kong Branch Share Registrars, Standard Registrars Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for exchange of new share certificates, free of charge, between 9:00 a.m. and 4:00 p.m. from 6 June, 2003 to 17 July, 2003, both days inclusive. Thereafter, the pink and dark blue share certificates for the CIHL Existing Shares and CiTL Existing Shares will remain effective as documents of title, on the basis of 5 CIHL Existing Shares for 1 CIHL New Share and 5 CiTL Existing Shares for 1 CiTL New Share, and may be exchanged for new red and green share certificates for the CIHL New Shares and CiTL New Shares respectively at any time on payment of a prescribed fee. It is expected that the share certificates for CIHL New Shares or CiTL New Shares will be available for collection within a period of 10 business days after the submission of the respective existing share certificates to Standard Registrars Limited for exchange.

TRADING ARRANGEMENTS FOR NEW SHARES

Subject to the respective consolidation becoming effective, dealings in CIHL New Shares and CiTL New Shares are expected to commence on 20 June, 2003. Parallel trading arrangements will be established with the Stock Exchange and will be operated from 20 June, 2003 to 14 July, 2003, both days inclusive. After 14 July, 2003, trading will only be in the form of the red and green share certificates for CIHL New Shares and CiTL New Shares respectively. The pink and dark blue share certificates for CIHL Existing Shares and CiTL Existing Shares will cease to be marketable and will not be acceptable for delivery and settlement purposes, albeit that they will remain effective as documents of title, as referred to above.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots of CIHL New Shares and CiTL New Shares as a result of the respective consolidation, CIHL and CiTL will appoint a broker (the “Agent”, whose details will be provided in the circular to shareholders referred to below) to act as agent in providing a “matching service” to those shareholders who wish to top-up or sell their holdings of odd lots of the new shares during the period from 20 June, 2003 to 14 July, 2003, both dates inclusive. Holders of new shares in odd lots who wish to take advantage of this facility either to dispose of or top up their odd lots to a board lot may, directly or through their brokers, contact the Agent during such period. Details of the Agent and the matching arrangements in respect of the odd lots of the new shares will be disclosed in a further announcement to be issued by CIHL and CiTL as appropriate in due course.

Shareholders should note that successful matching of the sale and purchase of odd lots of CIHL New Shares or CiTL New Shares is not guaranteed and will depend on there being adequate amounts of odd lots of new shares available for such matching. Shareholders are recommended to consult their professional advisers if they are in any doubt about the matching facility described above.

ARRANGEMENT IN RESPECT OF ADRS

Both CIHL and CiTL have securities in the form of American Depositary Receipts (“ADRs”) listed on The New York Stock Exchange. Each ADR of CIHL represents 25 CIHL Existing Shares and each ADR of CiTL represents 50 CiTL Existing Shares. As at the date of this announcement, there is no outstanding ADRs. It is also proposed that upon the consolidations becoming effective, new ADR of CIHL will represent 25 CIHL New Shares and new ADR of CiTL will represent 50 CiTL New Shares.

EXPECTED TIMETABLE

2003

Despatch of circular	on or before Wednesday, 21 May
Latest time for return of form of proxy in respect of the SGM	10:00 a.m. on Tuesday, 3 June for CIHL 10:20 a.m. on Tuesday, 3 June for CiTL
Date of SGM	10:00 a.m. on Thursday, 5 June for CIHL 10:20 a.m. on Thursday, 5 June for CiTL
Effective date of the consolidation	Friday, 6 June
Original counters for trading in existing shares in the form of existing share certificates in board lots of 2,000 CIHL Existing Shares and 4,000 CiTL Existing Shares temporarily close	9:30 a.m. on Friday, 6 June
Temporary counters for trading in new shares in board lots of 400 CIHL New Shares and 800 CiTL New Shares in the form of existing share certificates open	9:30 a.m. on Friday, 6 June
Original counter for trading in new shares in board lots of 2,000 CIHL New Shares and 4,000 CiTL New Shares in the form of new share certificates reopens	9:30 a.m. on Friday, 20 June
Parallel trading in new shares in the form of existing share certificates for CIHL and CiTL and new share certificates commences	9:30 a.m. on Friday, 20 June
Parallel trading in new shares in the form of existing share certificates and new share certificates ends	4:00 p.m. on Monday, 14 July
Temporary counters for trading in new shares in board lots of 400 CIHL New Shares and 800 CiTL New Shares in the form of existing share certificates closes	Monday, 14 July
Matching service for the sale and purchase of odd lots of new shares	from Friday, 20 June to Monday, 14 July
Free exchange of existing share certificates for new share certificates for new shares	from Friday, 6 June to Thursday, 17 July

DESPATCH OF CIRCULAR

Circular containing further information on the proposed consolidations, together with a notice convening the SGM to approve the respective consolidation will be despatched to the shareholders of CIHL and CiTL shortly.

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

By Order of the Board
Chevalier iTech Holdings Limited
Chow Yei Ching
Chairman

Hong Kong, 30 April, 2003

Please also refer to the published version of this announcement in The Standard.