



**PRESS RELEASE**

27 July 2006

**CHEVALIER INTERNATIONAL ISSUES  
HK\$450,000,000 CONVERTIBLE BONDS**

(Hong Kong, 27 July 2006) - Prominent construction and engineering services provider, Chevalier International Holdings Limited ("CIHL" or the "Group") (stock code: 25), today announced that it has entered into an agreement with Goldman Sachs International ("Goldman Sachs") to issue HK\$450,000,000 in aggregate principal amount of 2.125% convertible bonds due in 2011.

The bonds are convertible into shares at an initial conversion price of HK\$11.20 per share, representing a premium of approximately 16.06% to the closing price of HK\$9.65 per share traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 July 2006, or a premium of approximately 16.91% to the average closing price of HK\$9.58 per share as quoted on the Stock Exchange for the last ten trading days up to and including 26 July 2006.

Upon full conversion of the bonds (assuming no adjustment to the conversion price), a total of 40,178,571 new shares will be issued. These shares will account for approximately 14.42% of the existing issued share capital of the Group and 12.60% of the issued share capital as enlarged by the issue of the new shares.

The net proceeds of the issue of the convertible bonds are estimated to be approximately HK\$433,000,000, which will be used for the Group's development and expansion of existing businesses and potential investment in new businesses, as well as for general working capital.

Dr. CHOW Yei Ching, Chairman and Managing Director of CIHL, said, "We are pleased to have Goldman Sachs purchase our convertible bonds. We are also glad to have completed such an encouraging capital markets transaction in a successful manner. Keeping a close eye on the opportunities arising from emerging businesses and markets, we will use these funds to implement our strategy of seeking to expand our core businesses and explore other opportunities so as to bring maximum returns to our shareholders."

Looking ahead, the Group expects the pipe rehabilitation business, property development business in the PRC and the food and beverage segment will become its major growth drivers in the coming years. The Group has also mapped out expansion plans in the said areas, aiming to bring its businesses to a new height.

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