



PRESS RELEASE

10 April 2005

**CHEVALIER iTech ACQUIRES PACIFIC COFFEE
TAPS LUCRATIVE GLOBAL RETAIL LIFESTYLE F&B BUSINESS**

(Hong Kong, April 10, 2005) - Chevalier iTech Holdings Limited, ("CiTL") or the "Company" (stock code: 508), subsidiary of Chevalier International Holdings Limited, ("CIHL" or the "Group") (stock code: 25), today announced that it has entered into an agreement to acquire the entire issued share capital of Pacific Coffee (Holdings) Limited ("[Pacific Coffee](#)"). The cash consideration for the purchase is HK\$205 million and will be financed by the Company's internal resources. The transaction is expected to close on or before 20th May, 2005.

Commenting on the acquisition, Mr P K Fung, Managing Director of CiTL, said, "We are pleased to acquire Pacific Coffee, one of the leading coffee houses in Hong Kong. Visiting coffee house is a new lifestyle in Hong Kong and worldwide. As the economy picks up, people are more willing to spend on leisure pursuits, and coffee house has become extremely popular as a place for friends to meet or individuals to relax sipping coffee and reading magazines. This is part of a new lifestyle subscribed to by different generations in the region. While focusing on further developing its business in Hong Kong which still has lots of room for expansion, the coffee drinking culture is gaining prominence in the PRC as the living standard of the country continues to improve and we see tremendous potential there. Moreover, Pacific Coffee's established network and operational expertise will provide us with a strong platform for expanding horizontally."

"In addition, we believe the new acquisition can broaden our revenue streams in view of the impressive growth rate of Pacific Coffee in the past years, the potential demand for specialty coffee in Hong Kong, the PRC and southeast Asia regions, and also the goodwill of Pacific Coffee," Mr Fung continues.

Pacific Coffee established its first outlet in 1993. For the year ended 31st March 2004, Pacific Coffee's recorded audited consolidated profit after tax of was approximately HK\$9.4 million, an increase of 118.6% over the HK\$4.3 million in 2003. Given the current cashflow position as well as cash and cash equivalent securities of the Company, the acquisition is not expected to have any significant adverse impact on the Company's liquidity.

Pacific Coffee now operates 39 retail outlets in Hong Kong and five in Singapore. Pacific Coffee sells high quality, premium roasted whole bean coffees, specialty coffees and cold beverages, baked goods and pastries, and coffee-related hardware and supplies. Pacific Coffee also sells its branded products to wholesale accounts and provides coffee service to corporate customers including hotels, restaurants, clubs and large corporations. In addition, Pacific Coffee Group is also engaged in the wholesale of selected coffee beans in Hong Kong, Macau, the PRC and Singapore.

Trading in the shares of CiTL on the Stock Exchange was suspended on 4th April, 2005 and will resume on 11th April, 2005.

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