



PRESS RELEASE

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**Optimistic towards economic recovery:
Chevalier Group's Annual General Meetings**

The Annual General meetings of Chevalier International Holdings Limited ("CIHL"), Chevalier iTech Holdings Limited ("CiTL") and Chevalier Construction Holdings Limited ("CCHL") were held today at the Group's headquarters. At the media session held after the meetings, Dr Y C Chow, Group Chairman, remarked that the group is happy to see initial signs of economic recovery for several industries in Hong Kong, after a prolonged period of sluggishness. Although the impact of "Closer Economic Partnership Arrangement" (CEPA) to the local economy has yet to be seen, the Group remains cautiously optimistic about the business opportunities in the Mainland and will continue to prudently expand its operations.

In the last financial year, despite the downturn in business, the Group has made headway in a number of areas. The Lift & Escalator Division and the Curtain Walls and Aluminium Windows Division ("CAE") jointly secured a large-scale contract for the "Hong Kong Four Seasons Hotel", the largest six-star hotel in Hong Kong scheduled to open in 2004. CAE was also awarded the curtain wall contracts for Cyberport Development and part of the International Finance Centre - Phase II. The division maintained a sound growth despite the weak construction market.

In line with the Group's strategy of establishing a strong foothold in the "No-Dig" [pipe rehabilitation](#) technology, the Group has continued to increase its equity interest in NordiTube Technologies AB and RibLoc Group Limited, to 54.21% and 21.54% respectively. Chevalier-PRS (Asia) Holdings Ltd, CIHL's joint venture with a German partner, is now rehabilitating a total of 105,000 meters of sewer pipes, with diameter ranging from 100mm to 1200mm, for the Sewerage Department of the Singapore Government. In addition, the company is renovating a total of 4,370m of sewer pipes for the Abu Dhabi Government, with diameter ranging from 400mm to 1600mm; and is looking forward to tender for a 5,500m sewerage project.

For environmental engineering, the project at Tai Po Water Treatment Plant was completed in June 2003, whilst the contract on the environmental installation for Irrigation Pumping Station at Penny Bay progressed on schedule. The department has also recently won a contract to supply water-recycling equipment for the "Nei Meng Baotao Northern Suburb Wastewater Utilization Project", in Inner Mongolia.

Outside Hong Kong the Group is also performing well. The operating profit of the automobile business in Canada increased by 40% in the last financial year. The performance of trading and distribution business in the West Coast of the United States also improved significantly, gaining exclusive distributorship of several renowned food products. The Group's three hotels in Mainland China also recorded satisfactory occupancy rates.

In the last financial year, although the CiTL Group has to discontinue most of the retail shops and mobile phone franchise shops under intense competition, its [Network Solutions Division](#) has seen steady growth. In June, the Network Solution Division completed the broadband infrastructure



network and in-building ELV systems for the International Finance Centre - Phase II, which is the most advanced security system available in Hong Kong at present. In March 2003, the Division was qualified as the Government Approved Suppliers for Supply, Delivery, Installation, Commissioning and Maintenance of PC/ LAN Equipment and the Provision of related services, including cabling, network, UPS and system integration of existing PC/Server and LAN systems. The division has also won a contract to provide Keyline telephony system for various government departments, including the Social Welfare Department, Radio Television Hong Kong, Fire Services Department, Correctional Service Department and several government schools. From last year, it has also put more resources into Hong Kong-China projects and has won contracts to supply and install telephony systems for various companies with set-up in Guangdong Province.

The CCHL Group was awarded the contract to build the International Wetland Park in Tin Shui Wai, New Territories. The project included all the associated building service installations, drainage works, utility connection and pavement works of the Park, which will offer facility for Hong Kong citizens to observe the wetlands and natural scenery around Mai Po Marshes Nature Reserve and Hau Hoi Wan. The contract for the construction of Lam Tin Primary School at Kwun Tong was progressed on schedule during the year.

In spite of the uncertain operating conditions, the Group's diversified business strategy in Hong Kong and overseas enables it to withstand the impact of global economic volatility and maintain a stable performance. Looking forward, the Group will adhere to its stringent cost control measures and look for new opportunities to develop business especially in the Mainland.

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