



PRESS RELEASE

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**New Businesses Help Diversify Risks:
Chevalier Group's Annual General Meetings**

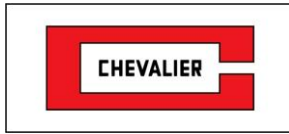
The Annual General meetings of Chevalier International Holdings Limited("CIHL"), [Chevalier iTech Holdings Limited](#) ("CiTL") and Chevalier Construction Holdings Limited("CCHL") were held today at the group's headquarters. In a press session held after the meetings, Dr Y C Chow, Group Chairman remarked on the intense competition in the market due to Hong Kong's slack economy. Stringent cost control is practised by a fair number of business units within the group to remain competitive. At the same time, Dr Chow revealed that, with a view to diversify risks, the group has invested substantially in some new areas that bring in stable profits.

In February, the group entered into the cold storage business via Chevalier Cold Storage and Warehousing Limited by acquiring a well-established warehouse in Kwai Chung at a consideration of HK\$230 million. This 18-storey cold storage warehouse comprises 420,000 sq. ft. of total floor area and 60,000 square feet of carpark space, offering various facilities such as freezer, chiller, air-conditioned warehouse and bonded warehouse. As Hong Kong's logistics sector matures and storage forms an integral part of the service chain, the group expects the warehouse will contribute stable income in the years ahead. With much confidence in Hong Kong's logistics development, the group also looks forward to acquiring more warehouses and to expand its operation to other services in the logistic chain.

Preussag Pipe Rehabilitation Hong Kong Limited("PPRHK"), Chevalier's joint venture company with a German pipe relining expert, PRS Rohrsanierung GmbH ("PRS"), has brought the advanced "No-Dig" pipe rehabilitation technology to Hong Kong and has completed a number of pipe relining projects for various government departments, such as Water Supplies Department, Drainage Services Department, Housing Department and Highways Department. Since many potable water pipelines in Hong Kong are aged and leakage is becoming more frequent recently, the government plans to spend over HK\$11 billion to repair or replace the pipelines. The "No-Dig" technology greatly reduces the time, occupied area and cost of repairing the pipelines, and minimises the disturbance to traffic, thus the group is very optimistic towards the market potential of this business.

Apart from Hong Kong, PPRHK has recently undertaken various pumping mains rehabilitation work for the Public Utilities Board of the Singapore Government. The total length of pipeline repaired exceeds 19,000 meters and the total contract sum reaches S\$12 million. In Shanghai, PPRHK has completed 11 pipe cleaning projects ranging from 130mm to 1800mm in pipe diameter. The length of pipe cleaned totalled 7,200 meters. The company is also actively exploring the Middle East and India markets, with several large-scale projects "in the pipeline".

Although [Chevalier Construction](#) recorded a loss for the financial year 2000-01, effective cost control has brought the company a profit of HK\$6.5 million this year. In January 2002, the company received a contract for building the Lam Tin Primary School in Lam Tin Estate



Redevelopment. The project includes constructing 30 classrooms and ancillary facilities, and is targeted for completion in July 2003. In its early years CCHL was one of the largest developers in the PSPS scheme, but responding to changes in the housing policies, the company has actively diversified its participation to developments of the private sector and public organisations, such as the completion of two school buildings for the Hong Kong Polytechnic University and the Hong Kong Baptist University, and the building of public housing estates and home-ownership estates.

Looking into the next year, the group is optimistic at developing business in Hong Kong, the Mainland and overseas. It considers that the current weak economic environment offers a good opportunity to reposition and consolidate business in Hong Kong and overseas markets. Backed by the Group's expertise and experience, as well as its well-established network in many parts of the world, the Group is in an advantageous position to seize the business opportunities arising from Hong Kong and elsewhere in the coming years.

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