



**PRESS RELEASE**

10 July 2001

## **Chevalier Announces 2000/01 Annual Results**

### **Chevalier International Holdings Limited ("CIHL") (025)**

The year ended 31st March 2001 recorded a pre-tax profit of HK\$237 million, representing a 21.5% reduction from the previous year. Turnover was down by 12% reflecting tighter commercial conditions. The Board of Directors recommends a final dividend of HK3.5 cents per share. This, together with the interim dividend of HK2.5 cents, makes a total dividend of HK6 cents for this year. Shareholders are given the option to receive shares in lieu of cash.

**Building Services:** The Lifts and Escalators Division has secured a number of contracts from major developers and Hong Kong Housing Authority. Aluminium and Curtain Wall Division also secured contracts for Cyberport Development, the Northern Site Podium at the Hong Kong Station of the Airport Express and KCRC Service Department at Hung Hom Bay during the year.

**Pipe Rehabilitation:** The Group acquired 45% interest in Preussag Pipe Rehabilitation Hong Kong Limited ("PPRHK") and PPRHK debt for a total consideration of HK\$21,248,000 from Chevalier Construction Holdings Limited in August 2000. PPRHK, a joint venture with PRS Rohrsanierung GmbH ("PRS"), introduced the "no-dig" pipe rehabilitation technology in Hong Kong since 1998 and has successfully completed a number of trial jobs for various Government authorities. In June 2001, the Company invested further in PRS and now represents 44% of enlarged share capital of PRS.

**Property Investment & Property Management:** Occupancy rate of Chevalier Place, the Group's luxury residential property in Shanghai, has increased to about 90% and rental income derived thereon increased significantly. In Hong Kong, rental revenue of approximately HK\$14 million was received this year from investment properties. The Group's property management division secured contracts from the HKHA for the provision of management services for residential units, shopping arcades, car parks and other communal facilities. At present, the Group manages 16 estates and buildings with a portfolio of approximately 20 million sq.ft.

**Insurance:** The Group's insurance division recorded a significant improvement in both turnover and premium income in last year. Its gross premium portfolio significantly increased by 6 times to approximately HK\$136 million.

**Hotel Investment:** Overall performance of the Group's two hotels in Xinyang and Jiujiang of Mainland China showed modest increase in room rates with occupancy rate improved to about 70%. Construction works of the third hotel project in Dongguan has recently been completed and the grand opening will be held soon.

With stiff market competition and the decrease in the supply of private and public housing, Dr Chow Yei Ching, the Group's chairman, envisaged that contribution from building services and



construction would be reduced in the coming year. Nevertheless, the Group's determination to diversify its business will bring stability in revenue and operational flexibility to the Group and enhance its competitiveness in the fast-changing marketplace. Looking ahead, the Group is committed to continue to explore opportunities to grow its business and enhance the value to its shareholders.

### **Chevalier iTech Holdings Limited (CiTI) (508)**

The CiTL Group's turnover for the year was HK\$1,055 million, representing a drop of 10.74% from last year. Profit attributable to shareholders reduced to HK\$7.76 million. Earnings per share decreased to HK0.91 cent. The Board of Directors recommends a final dividend of HK1 cent.

**Computer & Telecommunication:** During the year, the local computer market was adversely affected by excessive global production. CiTL's business in Thailand, however, maintained a stable growth and received two awards for its marketing of office equipment. Telecommunication market, on the other hand, benefited from the development of information technology and the improved quality of telecommunication products and services. Performance of the Telecommunication Service Division was encouraging during the year under review, and revenue generated from the mobile retail business and related valued-added services continued to grow. Currently, CiTL operates a total of 19 Chevalier Shops and 28 franchise shops.

**Household goods:** Overall performance of Q-Mart Shops was satisfactory. At present, CiTL group operates a total of 14 Q-Mart Shops in various locations.

**Network Solutions:** In mid-2000, Chevalier (Network Solutions) Limited was established to provide various network services. As at 31st March, 2001, a major contract includes the fibre network and telephone system installation and maintenance which was awarded by Television Broadcasts Limited with a contract value of approximately HK\$20 million.

The market situation of the CiTL's business for the current year remains difficult given the sluggish economy in many industrial countries. However, the negative impact may gradually be offset by the long-term benefit to Hong Kong when the volume of trade between the Mainland and other industrial countries is likely to grow upon the forthcoming entry to World Trade Organisation. CiTL has strategically expanded its network in the Mainland and strengthened its linkage with both suppliers and customers. With solid financial position, CiTL will maintain a prudent approach in capturing potential investments and business opportunities in East Asia markets.

### **Chevalier Construction Holdings Limited ("CCHL") (579)**

The CCHL Group's turnover for the year was HK\$1,226 million, a decrease of 49% compared to last year. The drop in turnover was mainly due to the prolonged slowdown in the construction industry and an overall reduction in the number of jobs available in the market. Loss for the year amounted to HK\$27.6 million. The Board does not recommend the payment of any final dividend.



Building Construction & Civil Engineering: CCHL was awarded a contract valued at HK\$148 million for the building of The Professional Complex Development at the Hong Kong Polytechnic University. The contract consists of L-shaped classroom/office blocks with a total construction floor area of 13,000 m<sup>2</sup>. It is planned for completion by January 2002.

As at 31st March, 2001, the value of outstanding construction works to be completed amounted to HK\$606 million, and the total value of outstanding civil engineering works amounted to HK\$303 million.

Concrete: Overall performance of our associated company which supplies concrete, Yue Xiu Concrete Company Limited, remained steady.

During the year, the Government of the HKSAR has committed to maintain the property values by scrapping the target of building 85,000 flats each year. Although the market remains sluggish, the CCHL Group believes that the effect of those measures imposed by the Government will stabilize residential unit prices in the long run and can restore consumer confidence in real estates. It is anticipated that sentiments of the construction industry will be improved.

In order to maintain the CCHL Group's competitiveness in the construction industry, the management will continue to strengthen its management team and adopt a prudent approach in tendering projects. In addition, the management will continue to implement stringent cost control measures and monitor the sub-contractors workmanship and progress so as to ensure high qualities of works.

### **Chevalier Singapore Holdings Limited ("CSHL")**

Despite the continuing poor sentiment in the construction sector in Singapore, CSHL has managed to perform well during the financial year ended 31st March, 2001. Its post-tax profit reported a 17.8% growth to S\$5.6 million for the year as compared with last year regardless the turnover fell 34% to S\$35.9 million. The profitability is principally attributable to better collections resulting in a net write-back of provision on doubtful accounts and repayment of all bank loans and overdrafts resulting in significant reduction of interest expenses.

CSHL has noted the Singapore government's continuing expenditure in the building construction sector, as a result of which institutional building and infrastructure development projects have increased. In line with the growth in this public sector, CSHL has secured bulk orders from the Land Transport Authority for the installation of lifts in all existing MRT stations, and has also continued to secure lift installation projects for schools, institutions of higher learning, community clubs and libraries.

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